# CAMBRIDGE INTERNATIONAL EXAMINATIONS <br> International General Certificate of Secondary Education 

## MARK SCHEME for the May/June 2013 series

## 0452 ACCOUNTING

0452/21
Paper 2, maximum raw mark 120

This mark scheme is published as an aid to teachers and candidates, to indicate the requirements of the examination. It shows the basis on which Examiners were instructed to award marks. It does not indicate the details of the discussions that took place at an Examiners' meeting before marking began, which would have considered the acceptability of alternative answers.

Mark schemes should be read in conjunction with the question paper and the Principal Examiner Report for Teachers.

Cambridge will not enter into discussions about these mark schemes.

Cambridge is publishing the mark schemes for the May/June 2013 series for most IGCSE, GCE Advanced Level and Advanced Subsidiary Level components and some Ordinary Level components.

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1 (a) To record small cash payments
Removes small cash payments from the main cash book
Reduces the number of entries in the main cash book
Reduces the number of entries in the ledger
Allows the chief cashier to delegate some of the work
Provides training for any junior staff members
Any 2 points (1) each
(b) Chief cashier knows exactly how much is spent in each month/can control expenditure of petty cash
The cash remaining and the vouchers received should equal the imprest
Can help reduce fraud
Any 1 advantage (1)
(c) See following page
(d) At the month end (1) the totals debited to postage account (1)
(e) Cheques not presented

Amounts not credited
Cash book errors
Any 2 items (1) each
(f) Standing orders

Direct debits
Credit transfers
Dishonoured cheques
Bank charges/interest
Bank errors
Any 2 items (1) each

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Question 1 (c)
Annie Rongsen - Petty Cash Book

| Total received |  | Date | Details | Total paid | Postage | Travel | Sundries | Ledger accounts |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| \$ | 2013Mar |  |  | \$ | \$ | \$ | \$ | \$ |
| 23 |  |  | Balance b/dBank/cash |  |  |  |  |  |
| 67 (1) |  |  |  |  |  |  |  |
|  |  | 4 |  | Postages | 19 | 19 (1) |  |  |  |
|  |  | 8 | Taxi fares | 16 |  | 16 (1) |  |  |
| 20 (1) |  | 13 | Loan repayment |  |  |  |  |  |
|  |  | 19 | Parcel post | 4 | 4 (1) |  |  |  |
|  |  | 23 | R Singh | 24 |  |  |  | 24 (1) |
|  |  | 29 | Window Cleaner | 12 |  |  | 12 (1) |  |
|  |  |  |  | 75 | 23 | 16 | 12 | 24 |
|  |  | 31 | Balance c/d | 35 |  |  |  |  |
| 110 |  |  |  | 110 |  |  |  |  |
| 35 (1) OF | Apr | 1 | Balance b/dBank/cash |  |  |  |  |  |
| 55 (1) OF |  |  |  |  |  |  |  |  |

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2 (a)
Ashraf Zayed
Income statement for the year ended 28 February 2013
\$ \$

Revenue 323000
Cost of sales
Cost of production
Purchases of finished goods

| 267100 | (1) |  |
| ---: | ---: | ---: |
| 4300 | (1) |  |
| 271400 |  |  |
| 19600 | (1) | 251800 |

71200 (1) OF
Gross profit
Horizontal format acceptable
(b) Production did not meet demand

It was cheaper to buy rather than make
Could not make those particular items
Not economical to make such a small amount
Any 2 reasons (1) each
(c)

| Ashraf Zayed <br> Journal |  |  |  |
| :--- | :---: | :---: | :---: |
|  | Debit <br> $\$$ | Credit <br> $\$$ |  |
| Income statement | 1130 |  | $\mathbf{( 1 )}$ |
| Carriage outwards |  | 1130 | $\mathbf{( 1 )}$ |
| Transfer of carriage outwards to income statement |  |  | $\mathbf{( 1 )}$ |
| Income statement <br> Provision for doubtful debts <br> Creation of provision for doubtful debts | 600 |  | $\mathbf{( 1 )}$ |


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(d)

Ashraf Zayed
Motor insurance account
\$
\$
2012
Jun 1 Bank
720 (1)
2013
Feb 28 Drawings 360 (1)
Income
statement
270 (1)
Balance c/d OF

720
90 (1) OF
Mar 1 Balance b/d

+ (1) Dates
Accept three column running balance presentation
(e) The accruals (matching) principle requires the revenue of the accounting period to be matched against the costs of the same period. (1)
The insurance relating to the financial year ended 28 February 2013 has been transferred to the income statement. (1)
(f)

|  | Overstated <br> $\$$ | Understated <br> $\$$ |
| :--- | :---: | :---: |
| Profit of the year ended 28 February 2013 | 270 (2) O/F | $\ldots \ldots .$. |

[2]
(g) Applying the business (accounting entity principle the business is treated as being completely separate from the owner. (1)
Only the transactions of the business are recorded in the business' books. (1)
[Total: 24]

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3 (a)
Sanath Jaffer
Trial Balance at 31 January 2013

| Capital | $\begin{gathered} \text { Debit } \\ \$ \end{gathered}$ | $\begin{gathered} \text { Credit } \\ \$ \$ \\ 53000 \end{gathered}$ |  |
| :---: | :---: | :---: | :---: |
| Drawings | 6100 |  |  |
| Revenue |  | 66000 |  |
| Purchases | 43350 |  |  |
| Purchases returns |  | 1150 |  |
| Inventory | 3700 |  | (2) |
| Bank overdraft |  | 3050 | (2) |
| Trade receivables | 5320 |  |  |
| Trade payables |  | 3450 |  |
| General expenses | 17850 |  |  |
| Non-current assets | 50400 |  |  |
| Suspense (1) |  | 70 | (1) OF |
|  | 126720 | 126720 |  |

(b)

|  | Debit |  |  | Credit |  |  |
| ---: | :--- | ---: | ---: | :--- | ---: | :--- |
|  | Account | $\$$ |  | Account | $\$$ |  |
| (ii) | General expenses | 400 | (1) | Non-current assets | 400 | (1) |
| (iii) | - | - | (1) | Suspense | 80 | (1) |
| (iv) | Suspense | 100 | (1) | Purchases returns | 100 | (1) |
| (v) | Suspense | 50 | (1) | General expenses | 50 | (1) |


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(c) Either

Error number (i) (1)
Reasons it is an error or omission
Neither a debit nor a credit entry has been made so the books balance
Any 1 reason (1)
Or
Error number (ii) (1)
Reason it is an error of principle
A double entry has been made but in the wrong class of account.

## Any 1 advantage (1)

(d) Money measurement
(e) Realisation
(f) (i) Work can be shared amongst several people

Easier for reference as the same types of account are kept together
Easier to introduce checking procedures
Make fraud more difficult
Any 1 advantage (1)
(ii) 1 Any non-current asset, inventory, capital, drawings, loan, sales, purchases, returns, expenses, incomes, etc. (1)

2 Credit customers/debtors/trade receivables (1)
3 Credit suppliers/creditors/trade payables (1)
[Total: 23]

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4 (a)
Sildean Ltd
Calculation of retained profit for the year ended 30 April 2013

Profit for the year
Less Debenture interest
Less Interim ordinary share dividend
Transfer to general reserve
Profit retained in the year
\$ \$
24800
1600 (1)
23200
14000 (1)
5000 (1)

19000
4200 (1) CF

Alternative forms of presentation acceptable
(b)

Sildean Ltd
Balance Sheet at 30 April 2013

| Non-current assets | $\$$ <br> Cost | $\$$ <br> Depreciation <br> to date | $\$$ <br> Book <br> value |
| :--- | :---: | :---: | :---: |
| Current assets | $\underline{206000}$ | $\underline{12500}$ | 193500 |

## Horizontal format acceptable

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(c) (i) 31.438 (OF): 23738 (OF) (1)

$$
\begin{equation*}
1.32 \text { (1) OF } \tag{2}
\end{equation*}
$$

(ii) (31438 (OF) - 16 300): 23738 (OF) (1) 0.64 (1) (OF)
(iii) Shows whether the company can pay its immediate (current) liabilities from the liquid assets (current assets less inventory) (1)
Indication of the liquidity of the company (1)
Or suitable answer based on O/F answer to (ii)
(iv) Issue additional shares

Issue additional debentures
Obtain long term loan
Sell surplus non-current assets
Reduced dividends paid
Reduce inventory level
Any 2 points (1) each
(d) Ordinary shareholders are members of the company

Ordinary shares carry voting rights
Ordinary shareholders receive a dividend
Ordinary share dividend is a share of the profit
Ordinary share dividend is variable
Ordinary share dividend is paid after any dividend on preference shares
Ordinary shareholders are repaid last in the event of a winding up
Any 2 features (1) each
(e) Debentures are loans

Debenture holders are not members of the company
Debentures do not carry voting rights
Debentures carry a fixed rate of interest
Debenture interest is not dependent on the company's profit
Debentures are often secured on the assets of the company
Debentures holders are repaid before the shareholders in the event of a winding up
Any 2 features (1) each

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5 (a)
Tom and Gill Kayumba
Statement of corrected profit for the year ended 31 March 2013

|  | \$ | \$ |
| :---: | :---: | :---: |
| Profit for the year |  | 22500 |
| Add Advertising prepaid | 600 (2) |  |
| Goods taken for own use | 1000 (2) |  |
| Motor vehicle expenses accrued | 320 (2) | 1920 |
|  |  | 24420 |
| Less Stationery purchased |  | 260 (2) |
| Corrected profit for the year |  | $\underline{24160 \text { (1) O/F }}$ |

## Alternative forms of presentation acceptable

| (b) $\quad \begin{aligned} & \text { Tom and Gill Kayumba } \\ & \text { Statement of corrected profit for the year ended } 31 \text { March } 2013\end{aligned}$ |  |  |  |
| :---: | :---: | :---: | :---: |
|  |  | \$ | \$ |
| Corrected profit for the year |  |  | 24160 (1) O/F |
| Interest on drawings | Tom Kayumba | $1040\}$ |  |
|  | Gill Kayumba | 1300\}(1) | 2340 |
|  |  |  | 26500 |
| Interest on capital | Tom Kayumba |  |  |
|  | $5 \% \times 60000 \times 6$ mths | 1500 (1) |  |
|  | $5 \% \times 80000 \times 6 \mathrm{mths}$ | $\underline{2000}$ (1) |  |
|  |  | 3500 |  |
|  | Gill Kayumba |  |  |
|  | $5 \% \times 40000$ | $\underline{2000}$ (1) |  |
|  |  | 5500 |  |
| Partnership salary | Gill Kayumba |  |  |
|  | (5000 (1) + 7000 (1)) | 12000 | 17500 |
| Residual profit |  |  | 9000 |
| Share of profit | Tom Kayumba |  |  |
|  | $2000(1)+$ |  |  |
|  | $(1 / 2 \times 7000)(1) \mathrm{OF}$ | 5500 |  |
|  | Gill Kayumba |  |  |
|  | $1 / 2 \times 7000$ (1) OF | 3500 | 9000 |

Horizontal format acceptable

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(c) (i) To reward the partner investing more capital

To encourage partners to invest in the business

## Any 1 point (1)

(ii) To discourage the partners from making drawings

To discourage drawings early in the financial year
To help the cash flow of the business
Any 1 point (1)
(d) Selling goods at higher prices

Purchasing goods at lower prices
Change in proportions of different goods
Any 2 points (1) each
(e) Year ended 31 March 2012 (1)

The expenses/revenue were 11.90\% in 2012 and 14.30\% in 2013 (1)
Although the profit for the year/revenue was higher in 2013 this was caused by an increase in gross profit/revenue (1)


[^0]:    (1) Dates
    (1) OF totals of analysis columns
    (1) OF totals and total columns

