

**UNIVERSITY OF CAMBRIDGE INTERNATIONAL EXAMINATIONS**  
International General Certificate of Secondary Education

**MARK SCHEME for the May/June 2011 question paper**  
**for the guidance of teachers**

**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.

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- 1 (a) To notify the customer of the amount outstanding at the end of the month.  
To provide the customer with a summary of the month's transactions.

**Any 1 reason (1)** [1]

- (b) Fiona Fraser [1]

(c)

Journal	Debit \$	Credit \$	
Interest payable Fiona Fraser	2	2	(1) (1)
Interest charged by creditor on overdue account			(1)

[3]

(d)

	Account debited	Account credited
(i)	Purchases (1)	Fiona Fraser (1)
(ii)	Fiona Fraser (1)	Purchases returns (1)

[4]

- (e) (i) Cash book (1)

(ii) Sales journal (1)

(iii) Sales returns journal (1) [3]

- (f) Goods returned  
Allowance for damaged/faulty goods  
Correction of overcharge

**Any one reason (1)** [1]

- (g) (i) \$225.40 (1)

(ii) The amount was paid within the period of credit allowed (1) [2]

**[Total: 15]**

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2 (a)

Paul Muyambo  
Statement of Affairs 31 January 2011

	\$	\$	\$
<b>Non-current Assets</b>			
Machinery at book value		32 500	
Less Depreciation for the year		<u>8 125</u> (1)	24 375 (1)
Motor vehicle at valuation		10 300	
Less Depreciation for the year		<u>1 200</u>	<u>9 100</u> (1)
			<u>33 475</u>
<b>Current Assets</b>			
Inventory		12 648 (1)	
Trade receivables	11 320		
Less Provision for doubtful debts	<u>283</u> (1)	11 037 (1)	
Other receivables		<u>261</u> (1)	
		23 946	
<b>Current Liabilities</b>			
Trade payables	9 485 (1)		
Other payables	315 (1)		
Bank overdraft	<u>11 146</u> (1)	<u>20 946</u>	
Net current assets			<u>3 000</u> (1) O/F
			<u>36 475</u>
<b>Financed by</b>			
Capital			36 475
Balance			(2) C/F
			(1) O/F

Horizontal format acceptable

[13]

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(b) Calculation of profit or loss for the year ended 31 January 2011

	\$	\$
Capital at 31 January 2011		36 475 (1) O/F
Drawings cash	5 575 (1)	
Drawings goods	<u>1 700 (1)</u>	<u>7 275</u>
		43 750
Less Capital 1 February 2010	42 500 (1)	
Capital introduced	<u>3 000 (1)</u>	<u>45 500</u>
Loss for the year		<u>1 750 (2) O/F</u>

### Alternative presentation

#### Capital account

	\$		\$
2011		2010	
Jan 31 Drawings cash	5 575 (1)	Feb 1 Balance b/d	42 500 (1)
Drawings goods	1 700 (1)	2011	
Loss for year	1 750 (2)	Jan 31 Bank/cash	3 000 (1)
	O/F		
Balance c/d	36 475 (1)		
	O/F		
	<u>45 500</u>		<u>45 500</u>
		2011	
		Feb 1 Balance b/d	36 475

Three column running balance presentation acceptable

[7]

[Total: 20]

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3 (a) Drawings and interest on drawings exceeded the interest on capital and share of profit. [2]

(b)

Current accounts

		Omar \$	Fatima \$			Omar \$	Fatima \$
2010				2010			
Apl 1	Balance b/d	(1) 215		Apl 1	Balance b/d	(1) 1 945	
2011				2011			
Mar 31	Drawings	(1) 2 900	9 600	Mar 31	Interest on capital	(1) 2 400	1 600
	Interest on Drawings	(1) 87	288		Salary	(1) 12 000	
	Share of loss	(1) 1 230	820		Balance c/d	(1) 2 032	
	Balance c/d	(1) <u>4 432</u>	<u>15 545</u>			<u>4 432</u>	<u>15 545</u>
2011				2011			
Apl 1	Balance	(1) 2 032		Apl 1	Balance b/d	(1) 4 837	
		<b>O/F</b>				<b>O/F</b>	

Alternatively accept two separate "T" accounts

Alternative presentation

Omar Aziz Current account

		Debit \$	Credit \$	Balance \$
2010				
April 1	Balance	215 (1)		215 Dr
2011				
Mar 31	Interest on capital		2 400	2 185 Cr
	Drawings	2 900		715 Dr
	Interest on drawings	87		802 Dr
	Share of loss	1 230		2 032 Dr
				<b>(2) C/F (1) O/F</b>

Fatima Aziz current account

		Debit \$	Credit \$	Balance \$
2010				
April 1	Balance		1 945 (1)	1 945 Cr
2011				
Mar 31	Interest on capital		1 600	3 545 Cr
	Salary		12 000 (1)	15 545 Cr
	Drawings	9 600		5 945 Cr
	Interest on drawings	288		5 657 Cr
	Share of loss	820		4 837 Cr
				<b>(2) C/F (1) O/F</b>

Need correct entries for interest on capital, interest on drawings, drawings and share of loss to earn the (1) for these items [11]

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(c)

Aziz Stores  
Extract from Balance Sheet at 31 March 2011

	Omar Aziz \$	Fatima Aziz \$	Total \$	
Capital accounts	60 000 (1)	40 000 (1)	100 000	
Current accounts	<u>(2 032) (1) O/F</u>	<u>4 837 (1) O/F</u>	<u>2 805</u>	
	<u>57 968</u>	<u>44 837</u>	<u>102 805 (1) O/F</u>	[5]

(d) Easier to see the profit retained by each partner  
Easier to calculate the interest on capital

**Or other suitable point**  
**Any one point (2)**

[2]

(e) The members of a limited liability company have limited liability and their personal assets are not at risk if the business fails. [2]

[Total: 22]

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- 4 (a) (i) Income and expenditure account (1)
- (ii) Surplus (or excess of income over expenditure) (1)
- (iii) Accumulated fund (1) [3]

(b) Muara Swimming Club  
Receipts and Payments Account for the year ended 28 February 2011

		\$			\$
2010			2011		
Mar 1	Balance b/d	3 450 (1)	Feb 28	Equipment	1 200 (1)
2011				Rent 2011	1 690 (1)
Feb 28	Subscriptions 2010	270}		Competition	
	2011	5 400} (1)		expenses	645 (1)
	2012	180}		General	
	Equipment proceeds	890 (1)		expenses	732 (1)
	Competition receipts	780 (1)		Insurance	496 (1)
	Loan – Swim-for-all	1 000 (1)		Balance c/d	7 207 (1)
		<u>11 970</u>			<u>11 970</u>
2011					
Mar 1	Balance b/d	7 207 (1) O/F			

(c) Subscriptions account

		\$			\$
2010			2011		
Mar 1	Balance b/d	270 (1)	Feb 28	Bank	270 (1)
2011				Bank	5400 (1)
Feb 28	Income and			Bank	180 (1)
	expenditure (1)	5400 (1)			
	Balance c/d	180 (1)			
		<u>5850</u>			<u>5850</u>
			2011		
			Mar 1	Balance b/d	180 (1) [8]

**Alternative presentation**

Subscriptions account

		Debit	Credit	Balance
2010		\$	\$	\$
Mar 1	Balance	270 (1)		270 Dr
2011				
Feb 28	Bank		270 (1)	0
	Bank		5400 (1)	5400 Cr
	Bank		180 (1)	5580 Cr
	Income and			
	expenditure (1)	5400 (1)		180 Cr (2) [8]

[Total: 23]

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- 5 (a) (i)** Balance 1 November 2009  
Explanation – This is the amount of rent owing by the tenant for the financial year ended 31 October 2009 **(2)**  
Double entry – Credit rent receivable account for the year ended 31 October 2009 **(1)** [3]
- (ii)** Bank 2 November 2009  
Explanation – This is the total amount of rent received from the tenant by cheque, including \$100 for the previous year **(2)**  
Double entry – Debit bank column in cash book **(1)** [3]
- (iii)** Income statement 31 October 2010  
Explanation – This is the rent receivable relating to the current financial year transferred to the income statement **(2)**  
Double entry – Credit income statement **(1)** [3]
- (b)** The balance represents the amount of rent prepaid by the tenant for the following financial year. [2]
- (c) (i)** Capital expenditure is money spent on acquiring, improving and installing fixed assets. **(1)**  
Revenue expenditure is money spent on running a business on a day-to-day basis. **(1)** [2]
- (ii)** Capital receipts are amounts received which do not form part of the day-to-day trading activities. **(1)**
- Revenue receipts are amounts received in the day-to-day trading activities from revenue and other items of income. **(1)** [2]



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(d)

Leo Yang

Statement of corrected profit for the six months ended 30 April 2011

	\$	\$
Profit		7 900
Add Purchase of new equipment	16 800 (1)	
Rent received	<u>1 200 (1)</u>	<u>18 000</u>
		25 900
Less Sale of old equipment	9 200 (1)	
Loan from Sports-aid	10 000 (1)	
Purchase of stationery	110 (1)	
Loan interest paid	<u>200 (1)</u>	<u>19 510</u>
Corrected net profit		<u>6 390 (1)</u>

**Alternative presentation**

Leo Yang

Income Statement for the six months ended 30 April 2011

	\$	\$
Fees		14 000
Add Rent received		<u>1 200 (1)</u>
		15 200
Less General expenses	8 500	
Stationery	110 (1)	
Loan interest	<u>200 (1)</u>	<u>8 810</u>
Profit for the six months		<u>6 390 (1)</u>

- + (1) for omission of sale of equipment**
- + (1) for omission of purchase of equipment**
- + (1) for omission of loan**

[7]

**[Total: 22]**

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- 6 (a)  $\frac{5300}{42500} \times \frac{365}{1}$  (1) = 45.52 = 46 days (1) [2]
- (b) Unsatisfied if O/F in (a) is over 30 days (1)  
They are not receiving the amount due within the period of credit allowed (2)
- Or**  
Satisfied if O/F in (a) is 30 days or below (1)  
They are receiving the amount due within the period of credit allowed (2) [3]
- (c)  $\frac{4100}{52800} \times \frac{365}{1}$  (1) = 28.34 = 29 days (1) [2]
- (d) Disadvantage if O/F in (c) is over 24 days (1)  
She is receiving the amount due 5 (O/F) days later than in the previous year (2)
- Or**  
Advantage if O/F in (c) is 24 days or below (1)  
She is receiving the amount due x (O/F) days earlier than in the previous year (2) [3]
- (e) Offer cash discount for prompt payment  
Charge interest on overdue accounts  
Improve credit control  
Refuse further supplies on credit until outstanding balance paid  
Invoice discounting and debt factoring
- Or other relevant points**  
**Any two points (1) each** [2]
- (f)  $(4100 + 3800) : (5300 + 2900)$  (1) = 0.96 : 1 (1) [2]
- (g) Unsatisfied if O/F in (f) is less than 2:1 (1)  
She is unable to meet her immediate liabilities from her immediate assets (1)
- Or**  
Satisfied if O/F in (f) is 2:1 or over (1)  
She is able to meet her immediate liabilities from her immediate assets (1) [2]
- (h) Introduce additional capital  
Reduce drawings  
Obtain long term loan  
Sell surplus non-current assets
- Any two points (1) each** [2]

[Total: 18]