

**MARK SCHEME for the May/June 2009 question paper**  
**for the guidance of teachers**

<b>0452/03</b>	<b>0452 ACCOUNTING</b> Paper 3, maximum raw mark 100
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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)

(i)

Tony and Alice Mundondo  
Motor vehicles account

2007		\$		2008		\$
Mar 1	Valley Motors	<u>9 500</u>	(1)	Feb 29	Balance c/d	<u>9 500</u>
		<u>9 500</u>				<u>9 500</u>
2008				2009		
Mar 1	Balance b/d	9 500		Feb 28	Balance c/d	20 300
2008						
Jul 1	Bank	<u>10 800</u>	(1)			<u>20 300</u>
		<u>20 300</u>				
2009						
Mar 1	Balance b/d	20 300	(1)			

(ii)

Provision for depreciation of motor vehicles account

2008		\$		2008		\$
Feb 28	Balance c/d	<u>1 900</u>		Feb 29	Profit & loss	<u>1 900</u> (1)
		<u>1 900</u>				<u>1 900</u>
2009				2008		
Feb 28	Balance c/d	5 240		Mar 1	Balance b/d	1 900 (1)O/F
				2009		
				Feb 28	Profit & loss	1 900 (1)
						<u>1 440</u> (1)
		<u>5 240</u>				<u>3 340</u>
						<u>5 240</u>
				2009		
				Mar 1	Balance b/d	5 240 (1)O/F

+ (1) dates

[9]

(a) Alternative presentation

(i)

Tony and Alice Mundondo  
Motor vehicles account

2007		Debit		Credit		Balance
Mar 1	Valley Motors	\$		\$		\$
		9 500	(1)			9 500 Dr
2008						
July 1	Bank	10 800	(1)			20 300 Dr (1)

(ii)

Provision for depreciation of motor vehicles account

2008		Debit		Credit		Balance
Feb 29	Profit & loss	\$		\$		\$
				1 900	(1)	1 900 Cr (1)O/F
2009						
Feb 28	Profit & loss	1 900	(1)			
		1 440	(1)	3 340		5 240 Cr (1)O/F

+ (1) dates

[9]

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(b) Tony and Alice Mundondo  
Extract from Balance Sheet at 28 February 2009

Fixed assets	Cost	Depreciation to date	Net book value
	\$	\$	\$
Motor vehicles	20 300	5 240	15 060
	<b>(1)O/F</b>	<b>(1)O/F</b>	<b>(1)O/F</b>

[3]

(c)

	transaction	account to be debited	account to be credited
(i)	eliminating original cost of motor vehicle from ledger	disposal of motor vehicle (1)	motor vehicles (1)
(ii)	eliminating accumulated depreciation from ledger	provision for depreciation (1)	disposal of motor vehicle (1)
(iii)	recording part exchange allowance made by Valley Motors	Valley Motors (1)	disposal of motor vehicle (1)

[6]

(d) (i) Fixed assets are valued at the end of each financial year. (1)  
This value is compared with the previous valuation (or the cost if it is the first year of ownership) and the amount by which the asset has fallen in value is the depreciation for the year. (1)

[2]

(ii) Hand tools  
Packing cases

**Or other suitable example**

**Any 1 example (1) mark**

[1]

**[Total: 21]**

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2 (a)

Morag MacDonald  
Profit and Loss Account for the year ended 31 December 2008

	\$	\$	
Fees from clients (75 050 + 9 000)		84 050	(1)
Rent received (2 750 – 150)		2 600	(1)
Reduction in provision for doubtful debts (250 – 225)		<u>25</u>	(1)
		<u>86 675</u>	
Less Property tax	1 800		} (1)
Repairs and maintenance	2 930		
Wages (45 000 + 2 000)	47 000		(1)
Stationery and office supplies (1 790 – 35)	1 755		(1)
Insurance (1 680 – 240)	1 440		(1)
Depreciation – Office equipment (50% × (10 800 – 8 100))	<u>1 350</u>		(1)
		<u>56 275</u>	
Net profit		<u>30 400</u>	(1)O/F

**Horizontal format acceptable**

[9]

- (b) To be able to meet debts when they fall due  
 To be able to take advantage of cash discounts  
 To be able to take advantage of business opportunities as they arise  
 To ensure that there is no difficulty in obtaining further supplies

**Or other suitable explanation**

**Any 1 point (2) marks**

[2]

- (c) Introduce further capital  
 Reduce drawings  
 Sell surplus fixed assets  
 Obtain long term loans

**Any two points (1) each**

[2]

- (d) (ii) Effect Working capital decreases by \$40 (1)  
 Explanation Current assets decrease by \$50 as net debtors decreases.  
 There is no change in the current liabilities. (1)
- (iii) Effect Working capital does not change (1)  
 Explanation The current assets do not change as the cash increases and the debtors decrease by \$200. There is no change in the current liabilities. (1)
- (iv) Effect Working capital increases by \$4 (1)  
 Explanation Current assets decrease by \$96 and the current liabilities decrease by \$100. (1)

[6]

**[Total: 19]**

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3 (a)

Mohammed Hanif  
Sales ledger control account

2009			\$	2009		\$	
Apl	1	Balance b/d	4100 (1)	Apl	1	Balance b/d	72 (1)
	30	Sales	5300 (1)	30	Sales returns	320 (1)	
		Bank (dis.chq.)	65 (1)		Bank	3850 (1)	
					Discount allowed	150 (1)	
					Inter-ledger transfer	240 (1)	
			<u>9465</u>		Balance c/d	<u>4833</u>	
						<u>9465</u>	
2009							
May	1	Balance b/d	4833 (1)O/F				

+ (1) Dates

**Alternative presentation**

Mohammed Hanif  
Sales ledger control account

		Debit	Credit	Balance	
		\$	\$	\$	
2009					
Apl	1	Balances	4100 (1)	72 (1)	4028 Dr
	30	Sales	5300 (1)		9328 Dr
		Bank (dis.chq)	65 (1)		9393 Dr
		Sales returns		320 (1)	9073 Dr
		Bank		3850 (1)	5223 Dr
		Discount allowed		150 (1)	5073 Dr
		Inter-ledger transfer		240 (1)	4833 Dr (1)O/F

+ (1) Dates

[10]

- (b) Overpayment of amount due by debtor  
Cash discount not deducted by debtor before payment made  
Goods returned by debtor after payment of amount due  
Payment made in advance by debtor

**Or other suitable point**

**Any 1 reason (1) mark**

[1]

(c)	Item	Entry in purchases ledger control account
(ii)	Cash purchases	No entry (1)
(iii)	Discount received	Debit (1)
(iv)	Interest charged by supplier on overdue account	Credit (1)

[3]

(d) Financial information is only relevant if it can be used –

- To correct or confirm prior expectations about past events
- To assist in forming, revising or confirming expectations about the future
- As a basis for financial decisions
- In time to be able to influence decisions

**Explanation of any 1 point (2)**

[2]

(e) (ii) Money measurement

- Accounts only record information which can be expressed in monetary terms. (1)
- This means that many factors which affect the performance of a business will not appear in the accounting records. (1)

[2]

(iii) Time factor

- Accounting statements are a record of what has happened in the past. (1)
- Either** They are not necessarily a guide to future performance (1)
- Or** Significant events can occur between the end of the financial period and the time when the accounting statements are available. (1)

[2]

**[Total: 20]**

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4 (a) Lobatse Rugby Club  
Subscriptions account

2008		\$	2008		\$
Apl 1	Balance b/d	50 (1)	Apl 1	Balance b/d	100 (1)
2009			2009		
Mar 31	Income & expenditure (1)	<u>2500</u> (1)	Mar 31	Bank	2250 (1)
		<u>2550</u>		Balance c/d	<u>200</u>
					<u>2550</u>
2009					
Apl 1	Balance b/d	200 (1)			

+ (1) Dates

**Alternative presentation**

Lobatse Rugby Club  
Subscriptions account

		Debit	Credit	Balance
2008		\$	\$	\$
Ap 1	Balances	50 (1)	100 (1)	50 Cr
2009				
Mar 31	Bank		2250 (1)	2300 Cr
	Income & expenditure (1)	2500 (1)		200 Dr (1)

+ (1) Dates

[7]

(b) Lobatse Rugby Club  
Income and Expenditure Account for the year ended 31 March 2009

	\$	\$
Income		
Subscriptions		2500 (1)O/F
Sports day – entrance fees	520	
less expenses	<u>370</u>	150 (2)
Interest received		<u>100</u> (1)
		2750
Expenditure		
Secretarial expenses	210	} (1)
Advertising	40	
General expenses (490 – 20)	470 (1)	
Rent (1530 + 30)	1560 (1)	
Depreciation – equipment (4400 + 1800) × 10%	<u>620</u> (1)	<u>2900</u>
Deficit for the year (1)		<u>150</u> (1)O/F

**Horizontal format acceptable**

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**(c) (i) Either**

Opening balance or closing balance **(1)**

Opening/closing bank balance is neither income nor expenditure for the year as it represents the amount of money in the bank on that particular date. **(1)**

**Or**

Transfer to bank deposit account **(1)**

Transferring money from one bank account to another is neither income nor expenditure. **(1)**

**Or**

Purchase of equipment **(1)**

This is not regarded as revenue expenditure as it is the purchase of a fixed asset. **(1)**

[2]

**(ii) Either**

Subscriptions prepaid on 1 April 2008 **(1)**

This item represents an amount received during the previous financial year which relates to the current financial year. Application of matching principle. **(1)**

**Or**

Subscriptions owed by member 31 March 2009 **(1)**

This item represents an amount relating to the current financial year which has not yet been received. Application of matching principle. **(1)**

**Or**

Rent accrued **(1)**

This item represents an amount relating to the current financial year which has not yet been received. Application of matching principle. **(1)**

**Or**

Depreciation of equipment **(1)**

This is a non-monetary expense but must be taken into account in calculating the surplus/deficit. Application of matching principle. **(1)**

**Or**

Deficit for the year **(1)**

This is the difference between the income and expenditure and is the "loss" for the year and does not represent money paid/received. **(1)**

**Alternatively accept surplus with a suitable comment if a surplus is shown in the answer to (b).**

[2]

**[Total: 21]**



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- 5 (a) Selling goods at lower prices  
 Allowing higher rates of trade discount for bulk buying  
 Not passing on increased costs to customers  
 Buying more expensive goods
- Or other suitable point**
- Any 2 reasons (1) mark each** [2]
- (b) Reduce expenses e.g. reduce staffing levels, reduce advertising etc.  
 Increase gross profit e.g. increase profit margin, increase selling prices etc.  
 Increase other income e.g. rent out part of premises, earn more discount etc.
- Or other suitable point**
- Any 1 reason (1) mark** [1]
- (c) (i)  $25\% - 10\% = 15\%$  (1)
- (ii)  $21\% - 9\% = 12\%$  (1) [2]
- (d) Percentage of expenses to sales has reduced so the efficiency of the business in controlling expenses has increased.
- Or suitable answer based on O/F answers to (c)** [2]
- (e) Payment period for creditors  
 $\frac{44\,500}{320\,000} \times \frac{365}{1}$  (1) = 50.76 days = 51 days (1)
- Collection period for debtors  
 $\frac{38\,500}{400\,000} \times \frac{365}{1}$  (1) = 35.13 days = 36 days (1) [4]
- (f) In both years the debtors are paying Kalpna Khan earlier than she is paying the creditors (though the gap is smaller in the second year). (1)  
 She is able to make use of the money within the business for this period. (1)
- Or other suitable comments up to (2) marks** [2]

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- (g) Offer cash discount for prompt payment  
 Charge interest on overdue accounts  
 Improve credit control  
 Refuse further supplies on credit until outstanding balance paid  
 Invoice discount and debt factoring

**Or other relevant points**

**Any 2 points (1) each**

[2]

- (h) (i) Non-monetary factors  
 One example – goodwill, quality of management, or other suitable example (1)  
 Such items will not appear on the accounting statements but can influence the profitability and prospects of a business. (1)

- (ii) Accounting policies  
 One example – methods of depreciation, methods of stock valuation, or other suitable example (1)  
 These will affect calculation of the profit and the profitability ratios and the value of the assets. (1)

[4]

**[Total: 19]**