

CAMBRIDGE INTERNATIONAL EXAMINATIONS

Cambridge International General Certificate of Secondary Education

MARK SCHEME for the October/November 2015 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 October/November 2015 series for most Cambridge IGCSE[®], Cambridge International A and AS Level components and some Cambridge O Level components.

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| | | | |
|---------------|--|-----------------|--------------|
| Page 2 | Mark Scheme | Syllabus | Paper |
| | Cambridge IGCSE – October/November 2015 | 0452 | 21 |

1 (a)

Shahid Ayub
Cash Book

| Date | Details | Discount Allowed | Cash | Bank | Date | Details | Discount Received | Cash | Bank |
|--------|--------------------|------------------|---------|------|--------|--|-------------------|------|------------|
| 2015 | | \$ | \$ | \$ | 2015 | | \$ | \$ | \$ |
| Aug 1 | Balance b/d (1) | | 50 | | Aug 1 | Balance b/d | | | 7150 |
| 24 | Mariam Soliman (1) | 13 | | 507 | 9 | El Nil Supply Company (dis cheque) (1) | | | 362 |
| 30 | Sales (1) | | 3224 | | 18 | Drawings (1) | | | 54 |
| 31 | Cash c (1)OF | | | 3174 | 31 | Bank c (1) | | 3174 | |
| | Balance c/d | | | 3885 | | Balance c/d | | 100 | |
| | | 13 | 3274 | 7566 | | | | 3274 | 7566 |
| 2015 | Balance b/d | | | | 2015 | Balance b/d | | | |
| Sept 1 | | | 100 (1) | | Sept 1 | | | | 3885 (1)OF |

+ (1) dates

[9]

(b) (i) \$316 (1)

(ii) Mariam Soliman (1)

[2]

(c)

| Transaction | Document | Book of prime (original) entry |
|----------------|-----------------------------------|--------------------------------|
| August 9 Goods | Sales invoice (1) | Sales Journal (1) |
| 13 Returns | Credit note (1) | Sales Returns Journal (1) |
| 24 Payment | Cheque (OR Paying in book) (1) | Cash book (1) |

[6]

(d)

Mariam Soliman
Shahid Ayub Account

| | | | \$ | | | | \$ |
|--------|-------------|------------|-----|--------|-------------|------------|--------|
| 2015 | | | | 2015 | | | |
| Aug 13 | Returns | 24 | (1) | Aug 1 | Balance b/d | 520 | |
| 24 | Bank/Cash | 507 | (1) | 9 | Purchases | 340 | (1) |
| | Discount | 13 | (1) | | | | |
| 31 | Balance c/d | 316 | | | | | |
| | | <u>860</u> | | | | <u>860</u> | |
| | | | | 2015 | | | |
| | | | | Sept 1 | Balance b/d | 316 | (1)O/F |

Three column running balance presentation acceptable

+(1) for dates

[6]

[Total: 23]

2 (a)

Grace Zindi
Income Statement for the year ended 31 July 2015

| | \$ | \$ |
|--|------------|-------------|
| Income from Clients (28 500 (1) + 3400 (1)) | | 31 900 |
| Commission receivable (7600 (1) + 250 (1)) | | 7 850 |
| | | 39 750 |
| Wages | 21 600 (1) | |
| Rates and Insurance ((3900 (1) – 300 (1)) × ¾ (1)) | 2 700 | |
| General Expenses | 990 (1) | |
| Heat and Light | 710 (1) | |
| Provision for Doubtful Debts (1% × 3400) | 34 (1) | |
| Depreciation motor vehicles (12 500 – 4500 (1) × 20% (1)) | 1 600 | |
| Depreciation office equipment (11 400 + 6900 (1) – 14 500 (1)) | 3 800 | 31 434 |
| Profit for the year | | 8 316 (1)OF |

[16]

(b)

Grace Zindi
Capital Account

| | | \$ | | | \$ |
|---------|---------------|------------|---------|---------|--------------|
| 2015 | | | 2014 | | |
| 31 July | Cash/Drawings | 15 500 (1) | 1 Aug | Balance | 85 000 (1) |
| | Rates & | | 2015 | | |
| | Insurance | | 31 July | Profit | 8 316 (1)OF |
| | Drawings | 900 (1) | | | |
| | Balance c/d | 76 916 | | | |
| | | 93 316 | | | 93 316 |
| | | | 2015 | | |
| | | | 1 Aug | Balance | 76 916 (1)OF |

+(1) For dates

Three column running balance presentation acceptable

[6]

(c) Revenue for the year is matched against the costs of the same period (1)

Example

Either Insurance prepaid at year-end was deducted

Or Commission receivable outstanding at year-end was added

Or Amount owing from clients at year-end was added (1)

[2]

(d) The business is treated as being separate from the owner (1)

Example

The proportion of rates and insurance relating to the owner's flat was excluded from the business expenses (1)

[2]

[Total: 26]

| | | | |
|---------------|--|-----------------|--------------|
| Page 5 | Mark Scheme | Syllabus | Paper |
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- 3 (a)** Physical deterioration
Economic reasons
Passage of time
Depletion
Any 2 reasons (1) each **[2]**
- (b)** The depreciation is calculated on the net cost price **(1)** and the same amount is written off each year **(1)** **[2]**
- (c)** The same percentage is written off each year **(1)** but it is calculated on the net book value of the asset **(1)** **[2]**
- (d)** Ensures that non-current assets are shown at more realistic values **(1)**
Ensures that the profit for the year is not overstated **(1)** **[2]**
- (e)** Accruals (matching) **(1)** **[1]**

(f) (i)

Natasha Salim
Machinery Account

| | | \$ | | \$ |
|-------|--------------|---------------|---------|---------------|
| 2013 | | | 2014 | |
| Oct 1 | Bank | 4 000 | Sept 30 | Balance c/d |
| | | (1) | | 10 000 |
| 2014 | | | | |
| Jan 1 | ABC Machines | 6 000 | | |
| | | (1) | | |
| | | <u>10 000</u> | | <u>10 000</u> |
| 2014 | | | 2015 | |
| Oct 1 | Balance b/d | 10 000 | Feb 1 | Disposal |
| | | (1)OF | | 4 000 |
| | | | Sept 30 | Balance c/d |
| | | <u>10 000</u> | | 6 000 |
| | | | | <u>10 000</u> |
| 2015 | | | | |
| Oct 1 | Balance b/d | 6 000 | | |
| | | (1)OF | | |

(ii)

Provisions for depreciation of machinery account

| | | \$ | | \$ |
|---------|-------------|--------------|---------|----------------------------------|
| 2014 | | | 2014 | |
| Sept 30 | Balance c/d | 2 000 | Sept 30 | Income Statement |
| | | | | 800 (1) + 1200 (1) |
| | | <u>2 000</u> | | <u>2 000</u> |
| 2015 | | | 2014 | |
| Feb 1 | Disposal | 800 | Oct 1 | Balance b/d |
| | | (1) | | 2 000 |
| Sept 30 | Balance c/d | 2 160 | 2015 | |
| | | | Sept 30 | Income Statement |
| | | <u>2 960</u> | | 960 |
| | | | | (1) |
| | | | | <u>2 960</u> |
| | | | 2015 | |
| | | | Oct 1 | Balance b/d |
| | | | | 2 160 |
| | | | | (1)OF |
| | | | | (2)CF |

Three column running balance presentation acceptable

[12]

(g)

| | \$ | |
|------------------------------------|--------------|--------------|
| Proceeds of Sale | 2 100 | |
| Provision for depreciation | 800 | (1)OF |
| | <u>2 900</u> | |
| Less Cost Price | 4 000 | (1) |
| Profit/Loss (1) on disposal | <u>1 100</u> | (1)OF |

Accept alternative formats

[4]

[Total: 25]

4 (a)

Moses and Tobias Lyambo
Corrected Statement of Financial Position at 31 October 2015

| | \$ | \$ | \$ | |
|--|---------------|---------------|--------------------|-------|
| Assets | | | | |
| Non-current assets | | | | |
| Premises at cost | | | 80 000 | |
| Fixtures and Equipment at book value (24 80 – 3100) | | | <u>21 700</u> | (1) |
| | | | <u>101 700</u> | (1) |
| Current Assets | | | | |
| Inventory | | | 6 950 | |
| Trade Receivable | | 5 200 | | |
| Provision for doubtful debts | | <u>130</u> | 5 070 | (1) |
| Bank (1500 – 70) | | | 1 430 | (1) |
| Cash | | | <u>500</u> | (1) |
| | | | <u>13 950</u> | (1)OF |
| Total assets | | | <u>115 650</u> | |
| Capital and liabilities | | | | |
| | M lyambo | T lyambo | Total | |
| Capital Accounts | <u>65 000</u> | <u>35 000</u> | 100 000 | (1) |
| Current Accounts | | | | |
| Balance | (2 000) | 3 500 | | (1) |
| Share of Profit | <u>9 000</u> | <u>9 000</u> | | (1) |
| | 7 000 | 12 500 | | |
| Drawings | <u>8 000</u> | <u>5 500</u> | | (1) |
| | <u>1 000</u> | <u>7 000</u> | 6 000 | (1)OF |
| | | | <u>106 000</u> | (1)OF |
| Current liabilities | | | | |
| Trade Payables | | | 8 520 | |
| Other Payables | | | <u>1 130</u> | (1) |
| | | | <u>9 650</u> | (1) |
| Total Liabilities | | | <u>115 650</u> | |

Accept current account calculations outside statement

[16]

- (b) Introduce more capital
Obtain long-term loan
Mortgage premises
Or other suitable way
Any two ways (1) each

[2]

| | | | |
|---------------|--|-----------------|--------------|
| Page 8 | Mark Scheme | Syllabus | Paper |
| | Cambridge IGCSE – October/November 2015 | 0452 | 21 |

- (c) Introduce more capital
 Obtain long-term loan
 Mortgage premises
Or other suitable way
Any two ways (1) each

[2]

(d)

| | Increase | Decrease | No effect |
|-----------------------------------|----------|----------|-----------|
| Sale of surplus equipment | ✓ (1) | | |
| Delay payment to credit suppliers | | | ✓ (1) |
| Paying surplus cash into bank | | | ✓ (1) |
| Writing off a bad debt | | ✓ (1) | |

[4]

[Total: 24]

5 (a)

Kelbrook Limited
Extract from Statement of Financial Position at 30 September 2015

| | \$ | |
|---|---------|-----|
| Equity and Reserves | | |
| Ordinary Share Capital | 90 000 | (1) |
| General Reserve (4000 (1) + 2000 (1)) | 6 000 | |
| Retained Earnings (5500 (1) + 2500 (1)) | 8 000 | |
| | 104 000 | |

[5]

(b)

| Current ratio | |
|---|--|
| Workings | Answer to two decimal places |
| (5100 + 8500) : (6100 + 4300 + 1400) 13 600 : 11 800 (1) | 1.15 : 1 (1) |

| Quick ratio | |
|--|--|
| Workings | Answer to two decimal places |
| 8500 : (6100 + 4300 + 1400) 8500 : 11 800 (1) | 0.72 : 1 (1) |

| Return on capital employed (ROCE) | |
|---|--|
| Workings | Answer to two decimal places |
| $\frac{9000}{90\,000 + 6000 + 8000} \times \frac{100}{1}$ OR $\frac{9000}{102\,200 + 13\,600 - 11\,800} \times \frac{100}{1}$ | 8.65% (1) |

[6]

| | | | |
|---------|---|----------|-------|
| Page 10 | Mark Scheme | Syllabus | Paper |
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- (c) Ratio has fallen
 Current assets only just cover the current liabilities
 May have problems in meeting debts when they fall due
 Is below the generally-accepted “benchmark”
Or other suitable comments based on answer to (b)
Any 2 points (1) each [2]
- (d) Change from positive bank balance to overdraft/increase in overdraft/reduction
 in bank balance
 Increased expenditure on inventory/increase in inventory
 Purchase of non-current assets
 Repayment of long-term loan
 Increase in current liabilities
 Decrease in trade receivables
Any 1 reason (1) [1]
- (e) Increase the profit
 Reduce the capital employed
Any 2 reasons (1) each [2]
- (f) (i) $\frac{8500}{45000} \times \frac{365}{1} (1) = 69 \text{ days } (1)$ [2]
- (ii) On average credit customers are taking 9 days more than is allowed
 This may affect the ability of the business to pay current liabilities
 This may affect the ability of the business to take advantage of
 opportunities when they arise
Or other suitable comments based on answer to (f)(i)
Any 2 points (1) each [2]
- (g) On average are taking 22 days more than is allowed to pay credit suppliers
 This may be caused by the credit customers taking too long to pay
 May result in further supplies being refused
Or other suitable points
Any 2 points (1) each [2]

[Total: 22]

CAMBRIDGE INTERNATIONAL EXAMINATIONS

Cambridge International General Certificate of Secondary Education

MARK SCHEME for the October/November 2015 series

0452 ACCOUNTING

0452/22

Paper 2, maximum raw mark 120

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

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| | | | |
|---------------|--|-----------------|--------------|
| Page 2 | Mark Scheme | Syllabus | Paper |
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1 (a)

Shahid Ayub
Cash Book

| Date | Details | Discount Allowed | Cash | Bank | Date | Details | Discount Received | Cash | Bank |
|--------|--------------------|------------------|---------|------|--------|--|-------------------|------|------------|
| 2015 | | \$ | \$ | \$ | 2015 | | \$ | \$ | \$ |
| Aug 1 | Balance b/d (1) | | 50 | | Aug 1 | Balance b/d | | | 7150 |
| 24 | Mariam Soliman (1) | 13 | | 507 | 9 | El Nil Supply Company (dis cheque) (1) | | | 362 |
| 30 | Sales (1) | | 3224 | | 18 | Drawings (1) | | | 54 |
| 31 | Cash c (1)OF | | | 3174 | 31 | Bank c (1) | | 3174 | |
| | Balance c/d | | | 3885 | | Balance c/d | | 100 | |
| | | 13 | 3274 | 7566 | | | | 3274 | 7566 |
| 2015 | Balance b/d | | | | 2015 | Balance b/d | | | |
| Sept 1 | | | 100 (1) | | Sept 1 | | | | 3885 (1)OF |

+ (1) dates

[9]

(b) (i) \$316 (1)

(ii) Mariam Soliman (1)

[2]

(c)

| Transaction | Document | Book of prime (original) entry |
|----------------|-----------------------------------|--------------------------------|
| August 9 Goods | Sales invoice (1) | Sales Journal (1) |
| 13 Returns | Credit note (1) | Sales Returns Journal (1) |
| 24 Payment | Cheque (OR Paying in book) (1) | Cash book (1) |

[6]

(d)

Mariam Soliman
Shahid Ayub Account

| 2015 | | | \$ | 2015 | | | \$ |
|--------|-------------|-----|-----|--------|-------------|-----|--------|
| Aug 13 | Returns | 24 | (1) | Aug 1 | Balance b/d | 520 | |
| 24 | Bank/Cash | 507 | (1) | 9 | Purchases | 340 | (1) |
| | Discount | 13 | (1) | | | | |
| 31 | Balance c/d | 316 | | | | 860 | |
| | | 860 | | | | 860 | |
| | | | | 2015 | | | |
| | | | | Sept 1 | Balance b/d | 316 | (1)O/F |

Three column running balance presentation acceptable

+(1) for dates

[6]

[Total: 23]

| | | | |
|--------|---|----------|-------|
| Page 4 | Mark Scheme | Syllabus | Paper |
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2 (a)

Grace Zindi
Income Statement for the year ended 31 July 2015

| | \$ | \$ |
|--|------------|-------------|
| Income from Clients (28 500 (1) + 3400 (1)) | | 31 900 |
| Commission receivable (7600 (1) + 250 (1)) | | 7 850 |
| | | 39 750 |
| Wages | 21 600 (1) | |
| Rates and Insurance ((3900 (1) – 300 (1)) × ¾ (1)) | 2 700 | |
| General Expenses | 990 (1) | |
| Heat and Light | 710 (1) | |
| Provision for Doubtful Debts (1% × 3400) | 34 (1) | |
| Depreciation motor vehicles (12 500 – 4500 (1) × 20% (1)) | 1 600 | |
| Depreciation office equipment (11 400 + 6900 (1) – 14 500 (1)) | 3 800 | 31 434 |
| Profit for the year | | 8 316 (1)OF |

[16]

(b)

Grace Zindi
Capital Account

| | | \$ | | | \$ |
|---------|---------------|------------|---------|---------|--------------|
| 2015 | | | 2014 | | |
| 31 July | Cash/Drawings | 15 500 (1) | 1 Aug | Balance | 85 000 (1) |
| | Rates & | | 2015 | | |
| | Insurance | | 31 July | Profit | 8 316 (1)OF |
| | Drawings | 900 (1) | | | |
| | Balance c/d | 76 916 | | | |
| | | 93 316 | | | 93 316 |
| | | | 2015 | | |
| | | | 1 Aug | Balance | 76 916 (1)OF |

+(1) For dates

Three column running balance presentation acceptable

[6]

(c) Revenue for the year is matched against the costs of the same period (1)

Example

Either Insurance prepaid at year-end was deducted

Or Commission receivable outstanding at year-end was added

Or Amount owing from clients at year-end was added (1)

[2]

(d) The business is treated as being separate from the owner (1)

Example

The proportion of rates and insurance relating to the owner's flat was excluded from the business expenses (1)

[2]

[Total: 26]

| | | | |
|---------------|--|-----------------|--------------|
| Page 5 | Mark Scheme | Syllabus | Paper |
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- 3 (a)** Physical deterioration
Economic reasons
Passage of time
Depletion
Any 2 reasons (1) each **[2]**
- (b)** The depreciation is calculated on the net cost price **(1)** and the same amount is written off each year **(1)** **[2]**
- (c)** The same percentage is written off each year **(1)** but it is calculated on the net book value of the asset **(1)** **[2]**
- (d)** Ensures that non-current assets are shown at more realistic values **(1)**
Ensures that the profit for the year is not overstated **(1)** **[2]**
- (e)** Accruals (matching) **(1)** **[1]**

(f) (i)

Natasha Salim
Machinery Account

| | | \$ | | \$ |
|-------|--------------|---------------|---------|---------------|
| 2013 | | | 2014 | |
| Oct 1 | Bank | 4 000 | Sept 30 | Balance c/d |
| | | (1) | | 10 000 |
| 2014 | | | | |
| Jan 1 | ABC Machines | 6 000 | | |
| | | (1) | | |
| | | <u>10 000</u> | | <u>10 000</u> |
| 2014 | | | 2015 | |
| Oct 1 | Balance b/d | 10 000 | Feb 1 | Disposal |
| | | (1)OF | Sept 30 | Balance c/d |
| | | <u>10 000</u> | | 4 000 (1) |
| | | | | <u>6 000</u> |
| | | | | <u>10 000</u> |
| 2015 | | | | |
| Oct 1 | Balance b/d | 6 000 | | |
| | | (1)OF | | |

(ii)

Provisions for depreciation of machinery account

| | | \$ | | \$ |
|---------|-------------|--------------|---------|-------------------|
| 2014 | | | 2014 | |
| Sept 30 | Balance c/d | 2 000 | Sept 30 | Income Statement |
| | | | | 800(1) + 1200 (1) |
| | | <u>2 000</u> | | <u>2 000</u> |
| 2015 | | | 2014 | |
| Feb 1 | Disposal | 800 | Oct 1 | Balance b/d |
| | | (1) | | 2 000 (1)OF |
| Sept 30 | Balance c/d | 2 160 | 2015 | |
| | | | Sept 30 | Income Statement |
| | | <u>2 960</u> | | 960 (1) |
| | | | | <u>2 960</u> |
| | | | 2015 | |
| | | | Oct 1 | Balance b/d |
| | | | | 2 160 (1)OF |
| | | | | (2)CF |

Three column running balance presentation acceptable

[12]

(g)

| | \$ | |
|-----------------------------|--------------|-------|
| Proceeds of Sale | 2 100 | |
| Provision for depreciation | 800 | (1)OF |
| | <u>2 900</u> | |
| Less Cost Price | 4 000 | (1) |
| Profit/Loss (1) on disposal | <u>1 100</u> | (1)OF |

Accept alternative formats

[4]

[Total: 25]

4 (a)

Moses and Tobias Lyambo
Corrected Statement of Financial Position at 31 October 2015

| | \$ | \$ | \$ |
|--|------------------|------------------|----------------------|
| Assets | | | |
| Non-current assets | | | |
| Premises at cost | | | 80 000 |
| Fixtures and Equipment at book value (24 80 – 3100) | | | <u>21 700 (1)</u> |
| | | | <u>101 700 (1)</u> |
| Current Assets | | | |
| Inventory | | | 6 950 |
| Trade Receivable | | 5 200 | |
| Provision for doubtful debts | | <u>130 (1)</u> | 5 070 |
| Bank (1500 – 70) | | | 1 430 (1) |
| Cash | | | <u>500 (1)</u> |
| | | | <u>13 950 (1)OF</u> |
| Total assets | | | <u>115 650</u> |
| Capital and liabilities | | | |
| | M lyambo | T lyambo | Total |
| Capital Accounts | <u>65 000</u> | <u>35 000</u> | 100 000 (1) |
| Current Accounts | | | |
| Balance | (2 000) | 3 500 (1) | |
| Share of Profit | <u>9 000</u> | <u>9 000 (1)</u> | |
| | 7 000 | 12 500 | |
| Drawings | <u>8 000</u> | <u>5 500 (1)</u> | |
| | <u>1 000 (1)</u> | <u>7 000 (1)</u> | <u>6 000 (1)OF</u> |
| | | | <u>106 000 (1)OF</u> |
| Current liabilities | | | |
| Trade Payables | | | 8 520 |
| Other Payables | | | <u>1 130 (1)</u> |
| | | | <u>9 650 (1)</u> |
| Total Liabilities | | | <u>115 650</u> |

Accept current account calculations outside statement

[16]

- (b) Introduce more capital
Obtain long-term loan
Mortgage premises
Or other suitable way
Any two ways (1) each

[2]

| | | | |
|---------------|--|-----------------|--------------|
| Page 8 | Mark Scheme | Syllabus | Paper |
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- (c) Introduce more capital
 Obtain long-term loan
 Mortgage premises
Or other suitable way
Any two ways (1) each

[2]

(d)

| | Increase | Decrease | No effect |
|-----------------------------------|----------|----------|-----------|
| Sale of surplus equipment | ✓ (1) | | |
| Delay payment to credit suppliers | | | ✓ (1) |
| Paying surplus cash into bank | | | ✓ (1) |
| Writing off a bad debt | | ✓ (1) | |

[4]

[Total: 24]

5 (a)

Kelbrook Limited
Extract from Statement of Financial Position at 30 September 2015

| | \$ | |
|---|---------|-----|
| Equity and Reserves | | |
| Ordinary Share Capital | 90 000 | (1) |
| General Reserve (4000 (1) + 2000 (1)) | 6 000 | |
| Retained Earnings (5500 (1) + 2500 (1)) | 8 000 | |
| | 104 000 | |

[5]

(b)

| Current ratio | |
|---|--|
| Workings | Answer to two decimal places |
| (5100 + 8500) : (6100 + 4300 + 1400) 13 600 : 11 800 (1) | 1.15 : 1 (1) |

| Quick ratio | |
|--|--|
| Workings | Answer to two decimal places |
| 8500 : (6100 + 4300 + 1400) 8500 : 11 800 (1) | 0.72 : 1 (1) |

| Return on capital employed (ROCE) | |
|--|--|
| Workings | Answer to two decimal places |
| $\frac{9000}{90\,000 + 6000 + 8000} \times \frac{100}{1} \quad (1)$ | 8.65% (1) |
| OR $\frac{9000}{102\,200 + 13\,600 - 11\,800} \times \frac{100}{1} \quad (1)$ | |

[6]

| | | | |
|---------|---|----------|-------|
| Page 10 | Mark Scheme | Syllabus | Paper |
| | Cambridge IGCSE – October/November 2015 | 0452 | 22 |

- (c) Ratio has fallen
 Current assets only just cover the current liabilities
 May have problems in meeting debts when they fall due
 Is below the generally-accepted “benchmark”
Or other suitable comments based on answer to (b)
Any 2 points (1) each [2]
- (d) Change from positive bank balance to overdraft/increase in overdraft/reduction in bank balance
 Increased expenditure on inventory/increase in inventory
 Purchase of non-current assets
 Repayment of long-term loan
 Increase in current liabilities
 Decrease in trade receivables
Any 1 reason (1) [1]
- (e) Increase the profit
 Reduce the capital employed
Any 2 reasons (1) each [2]
- (f) (i) $\frac{8500}{45000} \times \frac{365}{1} (1) = 69 \text{ days } (1)$ [2]
- (ii) On average credit customers are taking 9 days more than is allowed
 This may affect the ability of the business to pay current liabilities
 This may affect the ability of the business to take advantage of opportunities when they arise
Or other suitable comments based on answer to (f)(i)
Any 2 points (1) each [2]
- (g) On average are taking 22 days more than is allowed to pay credit suppliers
 This may be caused by the credit customers taking too long to pay
 May result in further supplies being refused
Or other suitable points
Any 2 points (1) each [2]

[Total: 22]