Cambridge International Examinations
Cambridge International General Certificate of Secondary Education

ACCOUNTING **0452/12**

Paper 1 **March 2017**

MARK SCHEME

Maximum Mark: 120

Published

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Question	Answer	Marks
Glossary for Q1 (c) 62 = 70 + 10 – 18 78 = 70 – 10 + 18 (e) A 120 × 0.85 = 120 – 18 B 128 – 18 C selling price D cost (g) A –200 + 2100 + 50 B 200 + 2100 – 90 C 200 + 2100 + 50 D 200 + 2100 + 90 (i) A 8000 + 4800 (prime cost) B 8000 + 4800 + 4100 – 450 C 8000 + 4800 + 4100 D 8000 + 4800 + 4100 + 450 (j) A (3000 × ½) – 700 + 400 B (3000 × 2/3) – 700 + 400 C (3000 × ½) + 700 – 400 D (3000 × 2/3) + 700 – 400		
1(a)	C **(1)**	**1**
1(b)	A **(1)**	**1**
1(c)	C **(1)**	**1**
1(d)	B **(1)**	**1**
1(e)	A **(1)**	**1**
1(f)	A **(1)**	**1**
1(g)	C **(1)**	**1**
1(h)	B **(1)**	**1**
1(i)	D **(1)**	**1**
1(j)	D **(1)**	**1**

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(a)</td><td>Person issuing Amitav
Person receiving Barry (1) for both</td><td>1</td></tr>
<tr><td>2(b)</td><td>If goods are returned
If goods are reported faulty
If there has been an overcharge on an invoice

Any one reason for (1)</td><td>1</td></tr>
<tr><td>2(c)</td><td>Purchases returns journal (1)</td><td>1</td></tr>
<tr><td>2(d)</td><td>To record business transactions
To be able to prepare financial statements
To know balances of credit customers and suppliers or bank

Any one reason for (1)</td><td>1</td></tr>
<tr><td>2(e)</td><td>Every transaction has a two-fold aspect (1)</td><td>1</td></tr>
<tr><td>2(f)</td><td>An expense account usually has a DEBIT (1) balance. At the end of the financial year the cost for the year is transferred to the INCOME STATEMENT (1). This transfer is recorded with an entry on the CREDIT (1) side of the expense account. Any balance remaining on the account is included in the STATEMENT OF FINANCIAL POSITION. (1)</td><td>4</td></tr>
<tr><td>2(g)</td><td>A financial report must be capable of being understood by the users of that report. (1)</td><td>1</td></tr>
<tr><td>2(h)</td><td>By narrowing areas of difference in financial statements (1)</td><td>1</td></tr>
<tr><td>2(i)</td><td><table><tr><th>Interested party</th><th>Reason</th></tr><tr><td>Owner
Government department
Trade payables
Bank manager
Customer

Potential partner
Manager
Any two for (1) each</td><td>To see progress of business
To check on tax payable
To check on likelihood of receiving money
To decide on whether to give/continue overdraft
To check on viability of business for continued supply of goods
To see potential rewards for investment
To see progress of business
Any two related reasons for (1) each</td></tr></table>Reasonable alternatives may be rewarded</td><td>4</td></tr>
</table>

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>3(a)(i)</td><td>current assets = 800 + 1300 + 180 + 250 = $2530 (1)

current liabilities = 830 + 510 = $1340 (1)

working capital = 2530 – 1340 = $1190 (1)OF</td><td>3</td></tr>
<tr><td>3(a)(ii)</td><td>Simran’s capital = 1190 + 7200 (1) = $8390 (1)OF</td><td>2</td></tr>
<tr><td>3(b)</td><td>
<table>
<tr><td></td><td>account debited</td><td>$</td><td>account credited</td><td>$</td></tr>
<tr><td>1</td><td>drawings</td><td>100</td><td>cash</td><td>100</td></tr>
<tr><td>2</td><td>bank</td><td>150 (1)</td><td>cash</td><td>150 (1)</td></tr>
<tr><td>3</td><td>vehicle</td><td>2500 (1)</td><td>capital</td><td>2500 (1)</td></tr>
<tr><td>4</td><td>Neel</td><td>50 (1)</td><td>bank
discount received</td><td>48 (1)
2 (1)</td></tr>
<tr><td>5</td><td>wages</td><td>350 (1)</td><td>bank</td><td>350 (1)</td></tr>
</table>
</td><td>9</td></tr>
<tr><td>3(c)(i)</td><td>4 (1)</td><td>1</td></tr>
<tr><td>3(c)(ii)</td><td>3 (1)</td><td>1</td></tr>
<tr><td>3(c)(iii)</td><td>4 (1)</td><td>1</td></tr>
<tr><td>3(d)</td><td>item – other payables (1)
section – current liabilities (1)</td><td>2</td></tr>
<tr><td>3(e)</td><td>Simran
Cash book (bank column only)
<table>
<tr><td>Date</td><td>Details</td><td>$</td><td>Date</td><td>Details</td><td>$</td></tr>
<tr><td>Feb 1</td><td>Balance b/d</td><td>180 } (1)</td><td>Feb 1</td><td>Neel</td><td>48 } (1)</td></tr>
<tr><td></td><td>Cash</td><td>150 }</td><td></td><td>Wages</td><td>350 }</td></tr>
<tr><td></td><td>Balance c/d</td><td>68</td><td></td><td></td><td></td></tr>
<tr><td></td><td></td><td>398</td><td></td><td></td><td>398</td></tr>
<tr><td></td><td></td><td></td><td>Feb 2</td><td>Balance b/d</td><td>68 (1)OF</td></tr>
</table>
</td><td>3</td></tr>
<tr><td>3(f)</td><td>Simran
Sales ledger control account for February 2017
<table>
<tr><td>2017</td><td></td><td>$</td><td></td><td>2017</td><td></td><td>$</td><td></td></tr>
<tr><td>Feb 1</td><td>Balance b/d</td><td>1 300</td><td>(1)</td><td>Feb 28</td><td>Bank</td><td>5 830</td><td>(1)</td></tr>
<tr><td>Feb 28</td><td>Sales</td><td>6 300</td><td>(1)</td><td></td><td>Sales returns</td><td>190</td><td>(1)</td></tr>
<tr><td></td><td>Bank</td><td>95</td><td>(1)</td><td></td><td>Cash</td><td>20</td><td>(1)</td></tr>
<tr><td></td><td></td><td></td><td></td><td></td><td>Bad debts</td><td>75</td><td>(1)</td></tr>
<tr><td></td><td></td><td></td><td></td><td></td><td>Balance c/d</td><td>1 580</td><td></td></tr>
<tr><td></td><td></td><td>7 695</td><td></td><td></td><td></td><td>7 695</td><td></td></tr>
<tr><td>Mar 1</td><td>Balance b/d</td><td>1 580</td><td>(1)OF</td><td></td><td></td><td></td><td></td></tr>
</table>
</td><td>8</td></tr>
</table>

Question	Answer	Marks
4(a)		**1**

	debit side	credit side
equipment	✓	
provision for depreciation of equipment		✓ **(1)for both**

	vehicle A	vehicle B	equipment
	$	$	$
depreciation charge for the year ended 31 December 2015	7 500 **(1)**		2 800 **(1)**
net book value at 31 December 2015	22 500 **(1)**		25 200 **(1)**
depreciation charge for the year ended 31 December 2016	5 625 **(1)**	5 000 **(1)**	4 600 **(1)**
accumulated depreciation at 31 December 2016	13 125 **(1)OF**	5 000 **(1)OF**	7 400 **(1)OF**
net book value at 31 December 2016	16 875 **(1)OF**	15 000 **(1)OF**	38 600 **(1)OF**

4(b) **13**

4(c) **5**

Sonia
Statement of Financial Position (extract) at 31 December 2016

	Cost		Accumulated depreciation		Net book value	
	$		$		$	
Vehicles	50 000	**(1)**	18 125	**}**	31 875	**}**
Equipment	46 000	**(1)**	7 400	**}(1)OF**	38 600	**}(1)OF**
	96 000		25 525		70 475	**(1)OF**

4(d)	Non-current assets **(1)**	**1**

Question	Answer	Marks
5(a)	LMN Chess Club Receipts and Payments Account for the year ended 31 December 2016	5

2016	Receipts	$		2016	Payments	$	
Jan 1	Loan	1 000	**(1)**	Dec 31	Loan	500	**(1)**
Dec 31	Subscriptions	4 100			Equipment	2 500	
	Entry fees	1 600			Rent	2 100	
	Coach travel	980			Travel	1 020	**(1)**
					Trophies and prizes	670	**(1)**
					Other expenses	450	
					Balance c/d	440	
		7 680				7 680	
2017							
Jan 1	Balance b/d	440	**(1)**				

5(b)	Subscriptions account							5

2016		$		2016		$	
Dec 31	Income and expenditure account	3 800	**(1)OF**	Dec 31	Bank	4 100	**(1)**
	Balance c/d	400			Balance c/d	100	
		4 200				4 200	
2017				2017			
Jan 1	Balance b/d	100	**(1)**	Jan 1	Balance b/d	400	**(1)**

+(1) for dates

5(c)	LMN Chess Club Income and Expenditure Account for the year ended 31 December 2016				10

Income	$	$	
Subscriptions		3 800	**(1)OF**
Tournaments [1600 **(1)** – 610 **(1)**]		990	
Surplus on coach travel [980 + 80 **(1)** – 1020 **(1)**]		40	
		4 830	
Expenditure			
Depreciation – equipment [2500 – 300 **(1)** / 10]	220		**(1)OF**
Rent [2100 + 200]	2 300		**(1)**
Other expenses	450		**(1)**
		2 970	
Surplus		1 860	**(1)OF**

Question	Answer	Marks
5(d)	<table><tr><th>Reason</th><th>Example</th></tr><tr><td>Only the receipts and payments account contains capital receipts</td><td>Loan received</td></tr><tr><td>Only the receipts and payments account contains capital expenditure</td><td>Equipment Loan repayment</td></tr><tr><td>Only the income and expenditure account contains non-cash items</td><td>Depreciation</td></tr><tr><td>Figures in the income and expenditure account are adjusted for prepayments and accruals</td><td>Rent owed Subscriptions in advance Subscriptions in arrears Money owed for coach travel</td></tr></table> Any **two** reasons for **(1)** each with a related example for **(1)** each	**4**

Question	Answer	Marks
6(a)	<table><tr><td></td><td>$</td><td></td></tr><tr><td>At 1 July 2015</td><td>80 000</td><td>**(1)**</td></tr><tr><td>Profit for the year</td><td>78 600</td><td>**(1)**</td></tr><tr><td>Dividend paid</td><td>(36 000)</td><td>**(1)**</td></tr><tr><td>Transfer to general reserve</td><td>(10 000)</td><td>**(1)**</td></tr><tr><td>At 30 June 2016</td><td>112 600</td><td>**(1)OF**</td></tr></table>	**5**
6(b)	D Limited Statement of Financial Position at 30 June 2016 <table><tr><td>Capital and reserves</td><td>$</td><td></td></tr><tr><td>Ordinary shares of $0.50</td><td>200 000</td><td>**(1)**</td></tr><tr><td>Retained earnings</td><td>112 600</td><td>**(1)OF**</td></tr><tr><td>General reserve</td><td>35 000</td><td>**(1)**</td></tr><tr><td></td><td>347 600</td><td>**(1)OF**</td></tr></table>	**4**
6(c)	To distribute profit to shareholders **(1)** **OR** To reward shareholders for their investment **(1)**	**1**
6(d)	Because insufficient cash was available to pay more **(1)** To retain cash/profits for investment in the business **(1)**	**2**
6(e)	$\text{ROCE} = \frac{78\,600\ \textbf{(1)}}{347\,600\ \textbf{(1of)} + 100\,000\ \textbf{(1)}} \times \frac{100}{1} = 17.56\%\ \textbf{(1of)}$	**4**
6(f)	Profit has fallen Selling price has decreased Worse control of expenses Worsening credit control/increased bad debts Poorer control of inventory Capital employed has increased/non-current liability created Any **two** reasonable comments for **(1)** each	**2**

Question	Answer	Marks
6(g)	It may not be easy to sell the shares. There will be loss of control by existing shareholders. Dividends payable may increase. If the interest rate is variable interest payable could increase. The company would have to pay interest irrespective of profit made. The bank may require security. Any **three** reasonable comments for **(1)** each	**3**