CAMBRIDGE INTERNATIONAL EXAMINATIONS

International General Certificate of Secondary Education

MARK SCHEME for the May/June 2013 series

0452 ACCOUNTING

0452/11 Paper 1, 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) A

(b) D

(c) C

(d) C

(e) A

(f) C

(g) A

(h) B

(i) D

(j) B

(1) Mark each **[Total: 10]**

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2 (a)

	Capital receipt	Revenue receipt	Capital expenditure	Revenue expenditure
Proceeds of sale of vehicle	✓ **(1)**			
Purchase of goods for resale				✓ **(1)**
Discount allowed				✓ **(1)**
Discount received		✓ **(1)**		
Legal fees on purchase of property			✓ **(1)**	

[5]

(b)

A	600	×	$15	$9000	**(2)**
B	100	×	$11.50	$1150	**(2)**
C	50	×	$15	$750	**(2)**

[6]

(c) Raw materials **(1)**
Work in progress **(1)**
Finished goods **(1)** **[3]**

(d) Amount in manufacturing account = $8000 × 60% = $4800 **(2)**

Amount in income statement = $8000 × 40% = $3200 **(2)**

Amount in balance sheet = $2000 **(1)** **[5]**

(e) Trading account **[2]**

[Total: 21]

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3 (a)

Document	Book of prime entry	
Sales invoice	Sales journal	**(1)**
Credit note	Sales returns journal	**(1)**
Statement of account	No entry	**(2)**

[4]

(b) Hannah account

				$						$	
Mar	1	Balance	b/d	200	**(1)**	Mar	12	Returns		64	**(1)**
	6	Sales		256	**(1)**		28	Bank/cash		196	**(1)**
								Discount		4	**(1)**
							31	Balance	c/d	192	
				456						456	
Apr	1	Balance	b/d	192	**(1) OF**						

+ (1) Dates

[7]

(c) Trade discount – Bulk buying (1)
Regular customer/encourage repeat custom (1)
In the same trade (1)
MAX 2

Cash discount – Prompt payment (1)
Payment before the due date (1)
MAX 2 **[4]**

[Total: 15]

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4 (a)

	Debit	Credit
Opening balance trade receivables	✓ **(1)**	
Credit sales	✓ **(1)**	
Sales returns		✓ **(1)**
Receipts from credit customers		✓ **(1)**
Discount allowed		✓ **(1)**
Bad debts		✓**(1)**
Dishonoured cheques	✓ **(1)**	
Interest on overdue account	✓ **(1)**	

[8]

(b) (i) $\frac{924}{46\,200} \times \frac{100}{1} = 2\%$ **[2]**

(ii) Increase in value of trade receivables/increase in credit sales
Increase in rate of provision/anticipating higher bad debts
Any 1 reason (2) **[2]**

(iii) Tellwright Ltd
Journal

	Debit $	Credit $	
Income statement	636		**(1)**
Provision for doubtful debts		636	**(1)**
Increase in provision for doubtful debts			**(1)**

[3]

(c) Either
Matching **(1)**
To match the amount of sales for which the business is unlikely to be paid against the sales of the year in which the sale was made **(2)**
Or
Prudence **(1)**
To avoid overstating the profits for the year/anticipate losses but not profits
Or to avoid overstating the trade receivables/current assets **(2)** **[3]**

[Total: 18]

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5 (a) Economic reasons
Obsolescence/out of date
Depletion
Passage of time
Any 3 reasons (1) each **[3]**

(b)

Machinery account

			$				$
2011				2012			
Jan 1	Bank		27 000**(1)**	July 1	Disposal (A)		9 000**(1)**
				Dec 31	Balance	c/d	18 000
			27 000				27 000
2012							
Jan 1	Balance	b/d	18 000**(1)OF**				

+ (1) Dates **[4]**

Provision for depreciation of machinery account

			$				$
2011				2011			
Dec 31	Balance	c/d	6 000	Dec 31	Income statement		6 000**(1)**
			6 000				6 000
2012				2012			
Jul 1	Disposal (A)		3 000**(1)**	Jan 1	Balance	b/d	6 000**(1) OF**
Dec 31	Balance	c/d	8 000	Dec 31	Income statement		
					A	1000 **(1)**	
					B & C	4000 **(1)**	5 000
			11 000				11 000
				2013			
				Jan1	Balance	b/d	8 000**(1) OF**

+ (1) Dates **[7]**

(c)

Disposal account

			$				$
2012				2012			
July 1	Machinery		9 000 **(1)**	July 1	Prov for Dep		3 000**(1) OF**
					Bank		5 800**(1)**
				Dec 31	Income statement		200**(1) OF**
			9 000				9 000

[4]

[Total: 18]

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6 (a)

Sukesh
Statement of Affairs at 31 December 2011

	$	$	$
Non-current Assets			
Vehicle at cost			16 000
Fixtures and fittings at cost			4 000
			20 000 **(1)**
Current Assets			
Inventory		9 200	
Trade receivables		6 500	
Other receivables		200	
		15 900 **(1)**	
Current Liabilities			
Trade payables	9 100 **}**		
Bank overdraft	420 **}(1)**		
Loan (1/10 × 10 000)	1 000 **(1)**	10 520	
Net Current assets			5 380
			25 380
Non-current Liabilities			
Loan (9/10 × 10 000)			9 000 **(1)**
			16 380
Financed by			
Capital			
Balance			16 380 **(1) OF**

[6]

(b)

	$	
Opening trade receivables	6 500	
Less Closing trade receivables	4 100	
	2 400	
Add Sales for the year	52 200	**(1)**
	54 600	
Less Cash from credit customers	54 300	**(1)**
Bad debts	300	**(1) CF**

Alternative calculations acceptable **[3]**

(c)

	$	
Opening trade payables	9 100	
Less Closing trade payables	9 300	
	(200)	
Add Purchases for the year	36 000	**(1)**
	35 800	
Less Cash paid to credit suppliers	35 400	**(1)**
Discount received	400	**(1) CF**

Alternative calculations acceptable **[3]**

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(d)

Sukesh

Income Statement for the year ended 31 December 2012

	$		$	
Revenue (52 200 **(1)** + 6200 **(1)**)			58 400	
Less Cost of sales				
Opening inventory	9 200	**(1)**		
Purchases (36 000 **(1)** + 900 **(1)**)	36 900			
	46 100			
Less Closing inventory	8 800	**(1)**	37 300	
Gross profit			21 100	**(1) OF**
Add Discount received			400	**(1) OF**
			21 500	
Less Loan interest	450	**(1)**		
Rent	6 000			
Insurance (200 **(1)** + 800 **(1)** – 250 **(1)**	750			
Other running costs	2 500			
Bad debts	300	**(1) OF**		
			10 000	
Profit for the year			11 500	**(1) OF**

[14]

(e) To spread the cost of the asset over its useful life **(2)** **[2]**

(f) Bank
Suppliers/creditors
Lenders
Managers
Employees
Potential partners
Tax authorities
Customers/debtors
Competitors
Investors
Trade unions
Potential purchaser of the business
Any 4 acceptable answers (1) each **[4]**

(g) 37 300 **(1) OF** = 4.14 times **(1) OF**
9 000 **(1) CF** **[3]**

(h) (i) Duarte **(1) OF**

(ii) Any suitable comment to imply that Duarte's inventory is selling faster

Answer to be based on OF answer to (g)

Any one acceptable reason (2)

[3]

[Total: 38]

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