CAMBRIDGE INTERNATIONAL EXAMINATIONS

International General Certificate of Secondary Education

MARK SCHEME for the May/June 2014 series

0452 ACCOUNTING

0452/13 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.

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

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1 **(a)** D

(b) B

(c) A

(d) C

(e) B

(f) C

(g) D

(h) C

(i) C

(j) B

(1) each **[10]**

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2 (a)

Account	Ledger	
Insurance	nominal/general	**(1)**
Sales	nominal/general	**(1)**
Purchases	nominal/general	**(1)**
Lottie, a supplier	purchases	**(1)**
Matthew, a credit customer	sales	**(1)**
Capital	nominal/general	**(1)**

[6]

(b) Cash book
Petty cash book
General journal
Any one (1) **[1]**

(c) To reduce number of entries/detail in sales account
Allows work to be shared between several people
Provides list of credit sales
Any 1 reason (2) **[2]**

(d)

Elinor account

		$				$	
Apl 1	Balance b/d	120	**(1)**	Apl 17	Returns	46	**(1)**
16	Sales	320	**(1)**	30	Balance c/d	394	**(1)**
		440				440	
May 1	Balance b/d	394	**(1)OF**				

Sales account

		$
Apl 30	Credit sales for month	920 **(1)**

Sales returns account

		$	
Apl 30	Sales returns for month	151	**(1)**

+ (1) dates **[8]**

(e) 260 × 0.95 **(1)** = $247 **(1)**
OR 260 – 13 **(1)** = $247 **(1)**
OR 260 – 5% = $247 **(2)** **[2]**

(f) Sales ledger control account. **(1)** **[1]**

[Total: 20]

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3 (a) Highfield Manufacturing Limited

Bad debts account

2014		$		2014		$	
Feb 28	Debtor	1100	**(1)**	Feb 28	Income Statement	1100	**(1)**
		1100				1100	

Bad debts recovered account

2014		$		2014		$	
Feb 28	Income Statement	200	**(1)**	Feb 28	Bank/cash/ debtor	200	**(1)**
		200				200	

Provision for doubtful debts account

2014		$		2014		$	
Feb 28	Balance c/d	3755	**(1)**	Mar 1	Balance b/d	2966	**(1)**
				2015 Feb 28	Income Statement **(1)**	789	**(1)OF**
		3755				3755	
				2015 Mar 1	Balance b/d	3755	**(1)OF**

[9]

(b) (i) Any expense/loss for the financial year **(1)** is matched/set against the revenue for that same period **(1)** **[2]**

(ii) Ensures that the profit for the year is not overstated **(1)**
Ensures that the trade receivables/ current assets are not overstated **(1)** **[2]**

(c) Direct materials plus direct labour **(1)** plus direct expenses **(1)**
OR
Cost of production excluding overheads **(2)** **[2]**

(d) Cost of production **(1)** **[1]**

(e) (i)

Ordinary shares	Preference shares
Variable rate of dividend Carry voting rights Rank after preference shares for payment of dividend Rank after preference shares in a winding up	Fixed rate of dividend Do not carry voting rights Rank before ordinary shares for payment of dividend Rank before ordinary shares in a winding up

Any 1 comparative statement (2) **[2]**

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(ii)

Ordinary shares	Debentures
Variable rate of dividend Holders receive dividend Holders are members of the company Are equity Carry voting rights Rank after debentures in a winding up	Fixed rate of interest Holders receive interest Holders are creditors Are long term loans Do not carry voting rights Rank before ordinary shares in a winding up

Any 1 comparative statement (2) **[2]**

(f) $3000 **(1)** × 8/12 = $2000 **(1)** **[2]**

(g) Shareholders
Potential investors
Lenders
Bank
Trade creditors
Customers
Employees
Manager
Accountant
Government
Tax authorities
Any 2 parties (1) each **[2]**

[Total: 24]

4 **(a)** An amount paid by a member for the right to use the facilities of a club **(1)** **[1]**

(b) Some members of the club may be in arrears with their subscriptions **(1)** and other members may have prepaid their subscriptions **(1)** **[2]**

(c)

Sole trader	Club or society	
Capital	Accumulated fund	**(1)**
Profit for the year	Surplus	**(1)**
Loss for the year	Deficit	**(1)**

[3]

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(d)

	Debit	Credit	Receipts and payments account	Income and expenditure account
Depreciation charge	✓			✓
Proceeds of sale of equipment	✓ **(1)**		✓ **(1)**	
Loss on disposal of equipment	✓ **(1)**			✓ **(1)**
Unpaid subscriptions written off	✓ **(1)**			✓ **(1)**
Purchase of new equipment		✓ **(1)**	✓ **(1)**	
Profit on sale of refreshments		✓ **(1)**		✓ **(1)**

[10]

(e) Speedy Runners Sports Club
Income Statement (Trading Account) for the year ended 31 December 2013

	$	$
Revenue		6150
Inventory – 1 January	380	
Purchases (2480 **(1)** – 200 **(1)** + 220 **(1)**)	2500	
	2880	
Inventory – 31 December	340 **(1)OF**	
Cost of sales		2540 **(1)**
Gross profit		3610

[5]

(f) Members have not invested any capital **(1)** so there can be no drawings which represent amounts taken from the return on an investment **(1)** **[2]**

(g) Financial statements are only useful if the information they contain can be compared with previous periods or other businesses **(2)** **[2]**

[Total: 25]

5 (a) Timing **(1)** **[1]**

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(b)

Miguel
Cash book (bank columns only)

2014		$		2014		$	
May 8	Gordon	920	**(1)**	May 8	Balance b/d	2720	
	Balance c/d	1985			Insurance	120	**(1)**
					Interest	65	**(1)**
		2905				2905	
				2014			
				May 8	Balance b/d	1985	**(2) CF**
							(1) OF

[5]

(c)

Miguel
Bank reconciliation statement at 7 May 2014

		$		$	
Balance on bank statement **(1)**				(922)	**(1)**
Add Amounts not yet credited	Sales	2132	**(1)**		
	Charles	111	**(1)**	2243	
				1321	
Less Cheques not yet presented	Vehicle repairs	180	**(1)**		
	Francis	3126	**(1)**	3306	
Balance in cash book **(1)**				(1985)	**(1) OF**

Alternative presentation

Miguel
Bank reconciliation statement at 7 May 2014

		$		$	
Balance in cash book **(1)**				(1985)	**(1) OF**
Add Cheques not yet presented	Vehicle repairs	180	**(1)**		
	Francis	3126	**(1)**	3306	
				1321	
Less Amounts not yet credited	Sales	2132	**(1)**		
	Charles	111	**(1)**	2243	
Balance on bank statement **(1)**				(922)	**(1)**

[8]

(d) $66 **(1)** **[1]**

[Total: 15]

6 (a)

Anton and Belle
Appropriation Account for the year ended 31 December 2013

	$		$	
Profit for the year			72 900	**(1)**
Interest on drawings – Anton	1 600	**(1)**		
Belle	500	**(1)**	2 100	
			75 000	
Interest on capital – Anton	10 000	**(1)**		
Belle	8 000	**(1)**		
	18 000			
Partner's salary – Anton	12 000	**(1)**	30 000	
			45 000	
Profit shares – Anton	30 000	**(1) OF**		
Belle	15 000	**(1) OF**	45 000	

[8]

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(b)

Anton
Current account

2013		$		2014		$	
Jan 1	Balance b/d	10 400	**(1)**	Dec 31	Int on Cap	10 000	**(1) OF**
2014					Salary	12 000	**(1)**
Dec 31	Drawings	32 000	**(1)**		Profit share	30 000	**(1) OF**
	Int on drawings	1 600	**(1)**				
	Balance c/d	8 000					
		52 000				52 000	
				2014			
				Jan 1	Balance b/d	8 000	**(2) CF**
							(1) OF

[8]

(c) $146 000 **(1)** + ($51 000 + $13 000) **(1)** = $210 000 **(1)**
($180 000 + $8000 + $10 000) **(1)** + $12 000 **(1)** = $210 000 (**1**) **[3]**

(d) $\frac{72\,000}{210\,000}$ **} (1) OF}** **whole formula** × 100 = 34.71% **(2)CF/(1)OF** **[3]**

(e) $72 900 **(1)** – $51 000 **(1)** + $15 000 **(1)** = $36 900 **(1)** **[4]**

[Total: 26]

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