UNIVERSITY OF CAMBRIDGE INTERNATIONAL EXAMINATIONS

International General Certificate of Secondary Education

MARK SCHEME for the October/November 2010 question paper for the guidance of teachers

0452 ACCOUNTING

0452/13 Paper 1, maximum raw mark 120

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UNIVERSITY of CAMBRIDGE
International Examinations

1 (a) A [1]

(b) C [1]

(c) B [1]

(d) B [1]

(e) A [1]

(f) C [1]

(g) D [1]

(h) D [1]

(i) C [1]

(j) D [1]

[Total: 10]

2 (a) (Sales) invoice [1]

(b)

	Capital expenditure	Revenue expenditure
Purchase of shop	✓ **(1)**	
Repairs to shop windows		✓ **(1)**
Purchase of new lock for shop door	✓ **(1)**	

[3]

(c) Balance sheet [1]

(d) The business is expected to continue **(1)** for the foreseeable future **(1)** [2]

(e) Error of principle [1]

(f) 5000 shares **(1)** × $0.25 **(1)** = $1250 [2]

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(g) Premium for year = $600
Period 1 July – 30 September is 3 months
Expense = $600 **(1)** / 4 **(1)** = $150 **(1)OF** [3]

(h) Current assets – current liabilities
$15 000 + 14 500 **(1)** + 16 000 **(1)** – 18 200 **(1)** = $27 300 **(1)** [4]

(i) Collection period = trade receivables / credit sales × 365 days
= $13 800 **(1)** / $126 000 **(1)**
= 39.97 = 40 **OF (1)** days **(1)**
***OF** if Cash + Credit sales* [4]

[Total: 21]

3 (a) Summa account

October				October			
8	Purchase returns	100	**(1)**	5	Purchases	320	**(1)**
30	Bank (*not Cash*)	220	**(1)**	29	Purchases	270	**(1)**
31	Balance c/d **OF**	270	**(1)**				
		590				350	
				November			
				1	Balance b/d	270	**OF (1)**

+ (1) for all correct dates [7]

Carter account

October				October			
31	Bank (not Cash)	485	**(1)**	17	Purchases	500	**(1)**
31	Discount	15	**(2)**				
		500				500	

+ (1) for all correct dates [5]

(b) (i) 200 units **(1)** × $2.80 **(1)** = 560.00 [2]

(ii) 100 units **(1)** × $3.20 **(1)** = 320.00
130 units **(1)** × $3.10 **(1)** = 403.00
120 units **(1)** × $2.90 **(1)** = 348.00
1071.00 [6]

(c) 130 units **(1)** × $3.00 (*NRV*) **(2)** = 390.00
120 units **(1)** × $2.90 (*cost*) **(1)** = 348.00
250 738.00

Allow **2** if 250 × $3.00 [5]

[Total: 25]

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4 **(a)** A trial balance is a list of balances **(1)** on the accounts in the books / ledgers / records **(1)** at a particular date **(1)** used to check the accuracy of accounts. Allow "**check accuracy**" if linked with "**list of balances**". [Max 3]

(b)

Gorman Limited
Income statement (trading and profit and loss account)
Year ended 30 September 2010

	$		$	
Revenue (sales)			92 000	**(1)**
Inventory (stock) at 1 October 2009	13 900	**(1)**		
Purchases	70 300	**(1)**		
Carriage inwards	600	**(1)**		
	84 800			
Less: inventory (stock) at 30 Sept 2010	14 300	**(1)**		
Cost of goods sold			70 500	
Gross profit			21 500	**OF (1)**
Rent	2 600 }	**(1)**		
Electricity	850 }			
Property tax (1500-300)	1 200	**(1)**		
Wages and salaries	5 750	**(1)**		
Repairs and maintenance	1 100 }	**(1)**		
Administrative expenses	4 000 }			
Depreciation	1 700	**(1)**		
Bank charges	120	**(1)**		
			17 320	
Profit for the year (net profit)			4 180	**OF (1)**

[13]

(c) **(i)** Prudence, consistency, lower of cost and net realizable value (any one) **(2)**

(ii) Accruals, matching (any one) **(2)** [4]

(d) (Rate of inventory (stock) turnover = cost of goods sold / average stock
= 70 500 **(1)** / (13 900 + 14 300) **(1)** / 2 **(1)**
= 5 **(1)** times **(1)** [5]

(e) Collect receivables, reduce inventory, delay payment of payables, sell Fixed Assets (any one). [2]

[Total: 27]

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5 (a) (i) Cash discount **(1)**, 3% **(1)** × \$300 **(1)** = \$9.00 [3]
(or 3/97 × 291)

(ii) Trade discount **(1)**, 5% **(1)** × \$2000 **(1)** = \$100.00 [3]
(or 5/95 × 1900)

(b) Sohara Cash Book
September 2010

Date	Details	Discount	Cash	Bank	Date	Details	Discount	Cash	Bank
		\$	\$	\$			\$	\$	\$
1	Balance b/down **(1)**		700	3000					
6	Juno **(1)**	9 **OF (1)**		*291 **(1)**	8	Apollo **(1)**		1900 **(1)**	
9	Minos **(1)**			85 **(1)**	10	Wages **(1)**		350 **(1)**	
10	Sales **(1)**		1850 **(1)**						

*** OF if \$300 – OF Discount** [12]

(c) (i) \$300 **(1)** – \$270 **(1)** = \$30 [2]

(ii) Lost or missing voucher
Lost or stolen cash
Error brought forward or in counting cash
Amount not recorded (any one) [2]

(iii) \$300 **(1)** – \$20 **(1)** = \$280 [2]

[Total: 24]

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6 (a) Norman – Journal

	$		$	
Office Furniture	1 500	**(1)**		
Inventory (stock)	12 000	**(1)**		
Bank	2 300	**(1)**		
Cash	200	**(1)**		
Capital – Norman		**(1)**	16 000	**(2)**
	3 000	**(1)**		
Bank				
Loan – Peter			3 000	**(1)**

[8]

(b) (i) Straight line (fixed instalment) method **(1)**

(ii) Reducing (diminishing) balance method **(1)**

Other methods e.g. revaluation method may be accepted.

(c) Straight line method would be preferred **(1)** as furniture has an expected useful life and no scrap value **(1)** and cost would be fully written off consistently / evenly over the useful life **(1).** [3]

[Total: 13]

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