UNIVERSITY OF CAMBRIDGE INTERNATIONAL EXAMINATIONS

International General Certificate of Secondary Education

MARK SCHEME for the October/November 2011 question paper for the guidance of teachers

0452 ACCOUNTING

0452/12 Paper 1, maximum raw mark 120

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1 Key

(a) C [1]

(b) D [1]

(c) B [1]

(d) D [1]

(e) B [1]

(f) A [1]

(g) B [1]

(h) A [1]

(i) B [1]

(j) C [1]

[Total 10]

2 **(a)** Inventory (stock), trade receivables (debtors), other receivable (prepayment), bank, cash. (Any two, 1 mark each). [2]

(b) Assets = capital (equity) + liabilities
(or any variation of the correct equation) [1]

(c)

	Capital	Revenue
Repairs to workshop windows		✓(1)
Installation of alarm system	✓(1)	
Storage shelves for tools	✓(1)	

[3]

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(d) (i) Sales (debtors, receivables) [ledger] [1]

(ii) Nominal (general) [ledger] [1]

(e) (i) Error of addition in trial balance or ledger account,
single entry,
entering item on wrong side
entering transaction twice on same side of ledger,
entering different credit and debit amounts.
(Any one description, or an actual example of one of these) [1]

(ii) Original entry [1]

(f) Percentage of net profit to revenue = (125 000 – 85 000 – 15 000) / 125 000
= 25 000 **(1)** / 125 000 **(1)**
= 20.00 % **(1)OF** [3]

(g) Balance per bank statement = balance per cash book + unpresented cheques
= 2 400 **(1)** + 860 **(1)**
= 3 260 **(1)** (Actual figure only) [3]

(h) Share capital = ordinary shares 120 000 × 0.25 = 30 000 **(2)**
+ preference shares 10 000 × 1.00 = 10 000 **(2)**
= 40 000 [4]

[Total: 20]

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3 (a)

Moloch
Cash book

Date	Details	Discount Allowed	Cash	Bank	Date	Details	Discount Received	Cash	Bank
		$	$	$			$	$	$
October					October				
1	Balance b/d		650	3 200 **(1)**	5	Purchases (***not*** *Andrews*)		2 880 **(1)**	
3	Justin	10 **(1)**		390 **(1)**	7	Wages		630 **(1)**	
6	Munira			150 **(1)**					
7	[Cash] sales		3 650 **(1)**						
					7	Balance c/d		790	3 740
	Totals	10	4 300	3 740		Totals		4 300	3 740

[8]

Notes: Total reversal – no marks
Award 1 mark for both correct opening balances
Narrative and correct amount for mark
No marks for balances carried down or totals
+ 1 mark for correct dates (but disregard any date where no mark allocated to that entry)

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(b)

Revenue (sales) account

			October		
			4	Hercules	800 **(1)**
			7	Cash (***not*** *sales*)	3 650 **(1)**
				accept cash book	

Purchases account

October					
5	Cash [book] (***not*** *Andrews*)	2 880 **(1)OF**			

Discount received account

Discount allowed account

October					
7	Total [for week] *allow cash book* ***not*** *Justin*	10 **(1)OF**			

Hercules account

October					
4	Sales	800 **(1)**			

Justin account

			October		
			3	Bank	390 **(1)OF}** accept
			3	Discount	10 **(1)OF}** cash book

Munira account

			October		
			6	Bank	150 **(1)OF**
				accept cash book	[9]

Note: Allow own figures from part **(a)** where errors have been made in calculating discounts
Correct narrative and figure for each mark
+ 1 mark for correct dates
No mark for any reversal

(c) Total sales $4 450 (2) [2]

(d) A provision for doubtful debts is [an estimate of] the amount which a business may lose because of bad debts. [2]

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(e) Trade receivables $8 200 @ 5% = $410 (2) [2]

(f) By comparing (1) the amount of actual bad debts (1) with the provision made. (1) [3]
(or equivalent wording to convey correct meaning)

[Total: 26]

4 (a)

Henrietta
Trial Balance at 30 September 2011

	$	$
Revenue		124 100 (1)
Inventory	14 500 (1)	
Purchases	77 000 (1)	
Bank (overdraft)		2 800 (1)
Cash	1 100 (1)	
Equipment	19 000 (1)	
Administrative expenses	26 500 (1)	
Capital (equity)		25 000 (1)
Drawings	15 600 (1)	
Suspense		1 800 (1)OF
	153 700	153 700

OF mark for suspense account if trial balance balances [10]
Must be in trial balance format – no marks for e.g. balance sheet layout

(b)

	Dr	Cr
Suspense	2 200 (1)	
Revenue (sales)		2 200 (1)

Drawings	400 (1)	
Suspense		400 (1)

Wages	650 (1)	
Cash [book]		650 (1)

Narrative, correct amount and on correct side for mark [6]

(c)

Henrietta
Suspense account

		Difference on t/b *(accept Balance)*	1 800 (1)OF from **4(a)**
Sales	2 200 (1)	Drawings	400 (1)OF from **4(b)**
	2 200		2 200

[3]

[Total 19]

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5 (a) A non-current asset is an asset held for the long term for use by a business (1) and is not for resale.(1) *(Accept comments about allowing a business to earn revenue)*
(Do not accept just fixed asset) [2]

(b) Depreciation

(i) Year 1 (3 600 – 450) (1) / 3 (1) = 1 050 (1)OF

(ii) Year 2 1 050 (1)OF from **(i)**

(iii) Year 3 1 050 (1)OF from **(i)**

*Only award component marks (max 2) in **(i)** if candidate gives NBV as their answer* [5]

(c)

Queresh
Income statement for the year ended 30 September 2011

	$		$	
Revenue (sales)			72 500	(1)
Less returns			800	(1)
			71 700	
Cost of sales				
Inventory at 1 October 2010	6 000	(1)		
Raw materials (purchases)	48 800	(1)		
	54 800			
Inventory at 30 September 2011	7 600	(1)		
			47 200	
Gross profit			24 500	(1)OF
Other operating income (6 500 (1) – 1 300 (1)) *(accept rent receivable, award 1 mark for 7 800 with or without workings)*			5 200	
			29 700	
Expenses				
Distribution expenses	2 580	(1)		
Administrative expenses (8 225 (1) + 375 (1)) *(award 1 mark for 7 850 with or without workings)*	8 600			
Other operating expenses	1 600	(1)		
Depreciation *(accept OF from year 1 only)*	1 050	(1)OF		
Finance costs	1 380	(1)		
			15 210	
Profit for the year			14 490	(1)OF

*(Do **not** award marks for rent receivable if shown as an expense, but you **may** award an OF mark for the profit for the year if arithmetically correct even if rent is included as an expense.)* [15]

(d) Depreciation should be included as a charge to the income statement so that the cost of the non-current asset is spread over the life of the asset or he is following the matching principle (1) and the profit is not overstated *(accept accurate or realistic)* or he is following the prudence principle (1). [2]

(e) Increase revenue, increase prices, reduce cost of sales, reduce (control) expenses. (any one) [2]

[Total 26]

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6 (a)

Vasco's garage	Xavier's garage
Workings: 124 000 – 114 700 = 9 300 (1) 9 300 / 124 000 (1) =	Workings: 80 000 – 60 000 = 20 000 (1) 20 000 / 80 000 (1) =
Answer: 7.5 % (1)OF	Answer: 25.0 % (1)OF

[6]

(b)

Vasco's garage	Xavier's garage
Workings: 9 300 – 5 600 = 3 700 (1)OF 3 700 / 20 000 (1) =	Workings: 20 000 – 12 000 = 8 000 (1)OF 8 000 / 60 000 (1) =
Answer: 18.5 % (1)OF	Answer: 13.3 % (1)OF

[6]

Answer must be expressed as a percentage with or without % sign – answers expressed as decimals e.g. 0.2 (0.185) are not acceptable.

(c)

	Increase	Decrease	No effect
Percentage of gross profit to sales		✓ (2)	
Return on capital employed	✓ (2)		

[4]

(d) Yes (1)

Reasons:
1 Selling car parts and opening a workshop would increase Vasco's profits (1)
2 The percentage of gross profit to sales would increase as the profitability of selling parts is higher than selling fuel (1) [3]

(Not possible to award marks for comments about return on capital as not known)

[Total 19]

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