CAMBRIDGE INTERNATIONAL EXAMINATIONS

International General Certificate of Secondary Education

MARK SCHEME for the October/November 2012 series

0452 ACCOUNTING

0452/12 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.

Cambridge will not enter into discussions about these mark schemes.

Cambridge is publishing the mark schemes for the October/November 2012 series for most IGCSE, GCE Advanced Level and Advanced Subsidiary Level components and some Ordinary Level components.

CAMBRIDGE
International Examinations

1 Key

(a) C [1]

(b) B [1]

(c) B [1]

(d) C [1]

(e) A [1]

(f) C [1]

(g) D [1]

(h) D [1]

(i) B [1]

(j) A [1]

[Total 10]

© Cambridge International Examinations 2012

2 (a) (i) [Sales] invoice [1]

(ii) Credit note [1]

(b) Revenue (sales), purchases, carriage inwards, Sales returns, purchase returns, inventory *(any two)* [2]

(c) $14.00 [1]

(d) Consistency [1]

(e) Original Entry [1]

(f) $28.00 [1]

(g) (i) A bad debt is an amount owing/debtor **(1)** which they are unable or unwilling **(1)** to pay [2]

(ii) An estimate **(1)** of the amount which a business will lose because of bad debts **(1)** [2]

(iii) 3% x 48000 = $1 440 **(1)**
$1440 – $1350 = $90 **(1)** [2]

(h) 80000 shares **(1)** x $0.30 per share = $24000 OF **(1)** [2]

[Total 16]

© Cambridge International Examinations 2012

3 (a) Walek – Cash Book (bank columns)

September	Detail	Dr $		September	Detail	Cr $	
1	Balance b/d	2 400		14	Wages	250	**(1)**
3	Lashki	640	**(1)**	21	Yovell	370	**(1)**
16	Yovell	370	**(1)**	28	Wages	280	**(1)**
30	Sales	3 560	**(1)**	29	Bruton	1 980	**(1)**
				30	Balance c/d	4 090	
		6 970				6 970	
Oct 1	Balance b/d	4 090					
		(1) OF					

Mark for date, detail and amount.

[8]

© Cambridge International Examinations 2012

(b)

Sales account

			September		$
			4	Sharon	420 **(1)**
			27	Bank	3 650 **(1)**

Do not accept *Cash* or *Sales* for the month

Purchases account

September		$			
9	Bruton	1 980 **(1)**			

Wages account

September		$			
14	Bank	250 }			
28	Bank	250 **} (1)**			

Lashki account

			September		$
			3	Bank`	640 **(1)**

Sharon account

September		$			
4	Sales	420 **(1)**			

Yovell account

September		$	September		$
21	Bank (dis chq)	370 **(1)**	16	Bank	370 **(1)**

Bruton account

September		$	September		$
29	Bank	1 980 **(1)**	9	Purchases	1 980 **(1)**

1 mark for date [11]

© Cambridge International Examinations 2012

(c) Walek – Bank Reconciliation Statement at 30 September 2012

	$	
Balance shown on bank statement	2 510	**(1)**
Add: amounts not yet credited – cash sales	3 560	**(1)**
	6 070	
Less Cheques not yet presented – Bruton	1 980	**(1)**
Balance shown in cash book	4 090	**(1) OF**

Marks for amounts not narratives
Accept statements in reverse order [4]

(d) The bank statement is a copy of the account of the business as it appears in the books of the bank. This is from the viewpoint of the bank **(1)** – the business depositing money is a creditor of the bank. **(1)**

The bank account in the cash book is prepared from the viewpoint of the business **(1)** – the bank is a debtor of the business which has deposited the money **(1)**.

[4]

[Total: 27]

© Cambridge International Examinations 2012

4 (a)

Mbane - Trial Balance at 31 October 2012

	Dr $		Cr $	
Capital			2 600	**(1)**
Motor Vehicle	4 400			
Purchases	12 400			
Trade payables			3 200	**(1)**
Revenue			30 800	**(1)**
Inventory at 1 November 2011	4 500	**(1)**		
General expenses	600			
Cash at bank	5 200	**(1)**		
Motor expenses	860			
Drawings	8 640			
	36 600		36 600	**(2) CF**

(1) OF for matching totals if arithmetically correct;
if both stock figures included then once counts as an alien [7]

(b)

Mbane
Income statement for the year ended 31 October 2012

	$		$	
Revenue (sales)			30 800	**(1)**
Cost of sales				
Inventory at 1 November 2011	4 500	**(1)**		
Purchases	12 400	**(1)**		
	16 900			
Inventory at 31 October 2012	3 300	**(1)**		
			13 600	
			17 200	**(1) OF**
Gross profit				
Expenses	600	**(1)**		
General expenses	860	**(1)**		
			1 460	
Profit for the year			15 740	**(1) OF**

[8]

(c) (i) Working capital = current assets – current liabilities (CA-CL) [1]

(ii) Working capital = $ 5 300 [2]

© Cambridge International Examinations 2012

(d)

	Increase	Decrease	No change
Increased revenue (sales)	✓ **(1)**		
Increased trade payables		✓ **(1)**	
Increased motor expenses		✓ **(1)**	
Reduced drawings	✓ **(1)**		

[4]

(e) (i) Current Assets : Current Liabilities (CA : CL) [1]

(ii) 8500 : 3200 **(1)** = 2.7 : 1 **(1) OF** [2]

[Total: 25]

5 (a) Straight line, reducing (diminishing) balance, revaluation (any two **(1)** each) [2]

(b) (i) Depreciation = $\frac{\$\ 6\,400 - \$\ 800}{4 \text{ years}}$ **(1) for correct formula**

2010 = $ 1 400 **(1) OF**
2011 = $ 1 400 **(1) OF if same figure** [3]

(ii) Net book value = $6400 **(1)** – $2800 **(1)OF** = $3600 [2]

(c)

Agricola
Disposal of Tractor Account

2012		$		2012		$	
Jan 1	Tractor	6 400	**(1)**	Jan 1	Prov for Depr	2 800	**(1) OF**
					Bank/Cash	2 600	**(1)**
				Dec 31	Income Statement (Profit/Loss)	1 000	**(1) OF**

1 mark for date
Accept P/L and IS for income statement [5]

(d) (i) The sale proceeds were less than the net book value (worth)
The expected life might have been shorter than assumed
The expected scrap value was less than assumed
Depreciation should have been higher
Accept a valid *non-accounting reason (eg: properly maintain asset)* [2]

(ii) Increase the rate of depreciation (NOT decrease/lower)
Assume a shorter life
Assume a lower scrap value
Use a different method eg revaluation

© Cambridge International Examinations 2012

Accept a valid *non-accounting reason (eg: properly maintain asset)* [2]

(e)

Agricola
Journal

		Debit $	Credit $	
1	Cattle Feeds Ltd	320		**(1)**
	Cattle & Co.		320	**(1)**
	Correction of error – Cattle & Co. wrongly debited			**(1)**
2	Repairs to Machinery	30		**(1)**
	Machinery		30	**(1)**
	Correction of error –repairs to machinery entered in asset account			**(1)**

[6]

[Total: 22]

6 (a) (i)

	Conrad's supermarket	Congo's shop
Percentage of gross profit to revenue (sales)	= 35.0% **(2)** Accept 35	= 55.0% **(2)** Accept 55

[4]

(ii) Supermarket/Conrad turnover is higher but gross profit percentage lower
Supermarket prices may be lower than shop/Congo prices
Different goods have different profit margins
Customers may be willing to pay higher prices for fresh items
Supermarket has to carry greater stock

Any acceptable comment
Any one comment (2) based on OF [2]

(b) (i)

	Conrad's supermarket	Congo's shop
Percentage of net profit to revenue (sales)	= 12.0% **(2)** Accept 12	= 36.7% **(2)** Accept 36.7

[4]

(ii) Supermarket has higher expenses than shop
Supermarket pays more rent than shop (or similar examples)
Shop better at controlling expenses

Any acceptable comment
Any one comment (2) based on OF [2]

© Cambridge International Examinations 2012

(c) (i)

	Conrad's supermarket	Congo's shop
Return on Opening Capital employed	= 15.0% **(2)** Accept 15	= 35.2% **(2)** Accept 35.2

[4]

(ii) Supermarket made higher profit for the year on less capital
Shop made better use of capital employed

Any acceptable comment
Any one comment (2) based on OF [2]

(d) May reduce prices **(1)** so could be selling at a gross loss **(1)**
May be selling at a lower profit margin **(1)** and not covering costs **(1)**
May have higher expenses **(1)** which reduces profit **(1)**

Any acceptable comment
(1) for identification and (1) for expansion [2]

[Total: 20]

© Cambridge International Examinations 2012