CAMBRIDGE INTERNATIONAL EXAMINATIONS

International General Certificate of Secondary Education

MARK SCHEME for the October/November 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.

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 2013 series for most IGCSE, GCE Advanced Level and Advanced Subsidiary Level components and some Ordinary Level components.

CAMBRIDGE
International Examinations

1 (a) D

(b) D

(c) D

(d) B

(e) A

(f) B

(g) C

(h) A

(i) A

(j) C **(1) mark each**

[Total: 10]

© Cambridge International Examinations 2013

2 **(a)** Dividends **(1)**
Transfer to general reserve **(1)** **[2]**

(b) Shareholders have a legally separate identity from that of the company in which they hold shares
OR
Shareholders are only responsible for the debts of the company up to the amount they agreed to pay for their shares **[2]**

(c) Maximum **(1)**
Called up **(1)**
Money/cash/payment **(1)** **[3]**

(d) $\frac{8}{100} \times \frac{500\,000}{1000\,000} = \$0.04$ **[1]**

(e) To spread the cost of a non-current asset over its useful life **[1]**

(f) **(i)** 8000 – 1600 = 6400 **(1)** – 1600) = 4800 **(1)** **[2]**

(ii) 8000 – 2000 = 6000 **(1)** – 1500) = 4500 **(1)** **[2]**

(g) Revaluation **(1)**
Packing cases/loose tools/other appropriate example **(1)** **[2]**

(h) Disposal account **[1]**

[Total: 16]

© Cambridge International Examinations 2013

3 (a) Any two from –

To see the return on his investment
To see if he is generating funds for re-investment
To decide whether to continue in business or close the business
To compare the profit with previous years
To compare the profit with that of other businesses
To ensure that drawings do not exceed profit
To plan for the future/assist decision-making
To know if expenses can be controlled better/if improvements can be made
To calculate ratios/calculate profitability/measure performance
To compare profit with the salary if he worked elsewhere
For legal or tax purposes

Any 2 reasons (1) each **[2]**

(b)

Account	Trial balance Debit or credit		Balance sheet section	
Drawings	Debit	**(1)**	Capital	**(1)**
Provision for doubtful debts	Credit	**(1)**	Current assets	**(1)**
Credit supplier	Credit	**(1)**	Current liabilities	**(1)**
Bank overdraft	Credit	**(1)**	Current liabilities	**(1)**
Long term bank loan	Credit	**(1)**	Non-current liabilities	**(1)**
Provision for depreciation	Credit	**(1)**	Non-current assets	**(1)**

[12]

(c) Any two from –

Omission	**(1)**	example of transaction totally omitted from the books	**(1)**
Commission	**(1)**	example of transaction posted to correct side of wrong account of right class	**(1)**
Principle	**(1)**	example of transaction posted to correct side of wrong account of wrong class	**(1)**
Original entry	**(1)**	example of transaction incorrectly recorded in book of prime entry	**(1)**
Reversal	**(1)**	example of debit entry posted on credit side and vice versa	**(1)**
Compensating	**(1)**	example of two or more errors cancelling each other out	**(1)**

Naming any 2 errors (1) each
+ (1) each for appropriate example **[4]**

[Total: 18]

© Cambridge International Examinations 2013

4 (a)

Document	Alan	Vicky
Invoice	✓ **(1)**	
Credit note	✓ **(1)**	
Debit note		✓ **(1)**
Statement of account	✓ **(1)**	

[4]

(b)

Insurance account

			$					$	
2012					2013				
July 1	Balance	b/d	200	**(1)**	June 30	Income statement		1300	**(1)OF**
Sept 1	Bank/cash		1320	**(1)**		Balance c/d		220	
			1520					1520	
2013									
July 1	Balance	b/d	220	**(1)**					

+ (1) dates

[5]

(c)

Stationery account

			$					$	
2012					2013				
July 1	Balance	b/d	60	**(1)**	June 30	Income statement		760	**(1)OF**
2013						Balance c/d		110	
June 30	Bank/cash		810	**(1)**					
			870					870	
2013									
July 1	Balance	b/d	110	**(1)**					

+ (1) dates

[5]

© Cambridge International Examinations 2013

(d) One from –

Sales ledger control account
Purchases ledger control account
Trial balance

Any one (1) **[1]**

(e)

Cash Book (Bank columns only)

			$					$	
2013					2013				
Aug 1	Balance	b/d	1690	**(1)**	Aug 1	Bank charges		61	**(1)**
	Diga		658	**(1)**		Water rates		205	**(1)**
	Howat		512	**(1)**		Rent		1000	**(1)**
						Balance	c/d	1594	
			2860					2860	
2013									
Aug 1	Balance	b/d	1594	**(1) OF**					

[7]

(f)

Bank Reconciliation Statement at 1 August 2013

		$		$	
Balance shown in cash book				1594	**(1)OF**
Add Cheques not yet presented	Nash	701	**(1)**		
	Zamir	451	**(1)**	1152	
				2746	
Less Amounts not yet credited	Cash sales			1112	**(1)**
Balance shown on bank statement				1634	**(1)**

Alternative presentation

Bank Reconciliation Statement at 1 August 2013

		$		$	
Balance shown on bank statement				1634	**(1)**
Add Amounts not yet credited	Cash sales			1112	**(1)**
				2746	
Less Cheques not yet presented	Nash	701	**(1)**		
	Zamir	451	**(1)**	1152	
Balance shown in cash book				1594	**(1)OF**

[5]

[Total: 27]

© Cambridge International Examinations 2013

5 (a)

Subscriptions account

		$				$	
2012				2012			
Aug 1	Balance b/d	60	**(1)**	Aug 1	Balance b/d	70	**(1)**
2013		00		2013			
July 31	Income and			July 31	Bank	3100	**(1)**
	Expenditure	3190	**(1)OF**		Bad debts	50	**(1)**
	Balance c/d	10			Balance c/d	40	
		3260				3260	
2013				2013			
Aug 1	Balance b/d	40	**(1)**	Aug 1	Balance b/d	10	**(1)**

[7]

(b)

Top Shot Badminton Club
Income Statement for the year ended 31 July 2013

	$		$	
Revenue			5200	**(1)**
Less Cost of sales				
Inventory 1 August 2012	400	**(1)**		
Purchases (2800 – 150)	2650	**(1)**		
	3050			
Less Inventory 31 July 2013	480	**(1)**	2570	
Profit			2630	**(1)OF**

[5]

(c)

Top Shot Badminton Club
Income and Expenditure Account for the year ended 31 July 2013

	$		$	
Subscriptions			3190	**(1)OF**
Profit on refreshments			2630	**(1)OF**
			5820	
Rent	1400**}**			
Wages	1200**}**	**(1)**		
Other costs	370	**(1)**		
Bad debts	50	**(1)**		
Depreciation – equipment (6200 + 3800 – 8100)	1900	**(2)**	4920	
Surplus for the year			900	**(1)OF**

[8]

© Cambridge International Examinations 2013

(d)

Top Shot Badminton Club
Balance Sheet at 31 July 2013

	$		$		$	
Non-current Assets						
Equipment at valuation					8 100	**(1)**
Current Assets						
Inventory	480	**(1)**				
Subscriptions accrued	40	**(1)**				
Bank	1 420	**(1)**				
			1 940			
Current Liabilities						
Subscriptions prepaid			10	**(1)**		
Net current assets					1 930	
					10 030	
Accumulated Fund						
Opening balance					9 130	**(1)**
Plus Surplus for the year					900	**(1)OF**
					10 030	

[7]

(e)

Bank balance	Income and expenditure account
No adjustments made for accruals and prepayments	Items are adjusted for accruals and prepayments
Includes all money received and paid	Includes only revenue receipts and expenditures
Includes only monetary items	Includes non-monetary items

Any four reasons (1) each **[4]**

[Total: 31]

© Cambridge International Examinations 2013

6 (a)

Amina
Revised Income Statement for the year ended 31 August 2014

	$		$	
Revenue (95 000 + 9500)			104 500	**(1)**
Less Cost of production (60 000 – 4000)	56 000	**(1)**		
Depreciation of equipment (10% × 80 000)	8 000	**(1)**	64 000	
Gross profit			40 500	
Less Other costs	25 000			
Loan interest (4% × 80 000)	3 200	**(1)**	28 200	
Profit for the year **(1)**			12 300	**(1)CF**

Alternative presentation

Amina
Revised Income Statement for the year ended 31 August 2014

	$		$	
Original profit			10 000	
Add Increase in selling price	9 500	**(1)**		
Decrease in repairs	4 000	**(1)**	13 500	
			23 500	
Less Interest on loan	3 200	**(1)**		
Depreciation	8 000	**(1)**	11 200	
Revised profit for the year **(1)**			12 300	**(1)CF**

[6]

(b) Advice – Purchase the equipment **(1)**
Reason – Profit for the year is increased **(1)**

Or suitable advice and reason based on OF answer to (a) **[2]**

(c) Any one from –

May not be able to obtain the loan
Interest must be paid irrespective of profit
Loan has to be re-paid at a future date
May not want the commitment of a liability
Estimated costs may be too low
Loan interest may increase

Or other appropriate comment

Any 1 comment (2) marks **[2]**

(d) (i) $\frac{10\,000}{64\,000} \times \frac{100}{1} = 15.62\%$ **(1)**

(ii) $\frac{(12\,300\ \textbf{(1)OF} + 3\,200\ \textbf{(1)})}{(64\,000 + 80\,000)\ \textbf{(1)}} \times \frac{100}{1} = 10.76\%$ **(1) OF** **[5]**

[Total: 15]

© Cambridge International Examinations 2013