CAMBRIDGE INTERNATIONAL EXAMINATIONS

International General Certificate of Secondary Education

MARK SCHEME for the October/November 2013 series

0452 ACCOUNTING

0452/13 Paper 1, maximum raw mark 120

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1 (a) D

(b) C

(c) D

(d) B

(e) C

(f) A

(g) B

(h) A

(i) A

(j) B **(1) mark each**

[Total: 10]

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2 (a) Book-keeping **(1)**
Accounting **(1)**
Balance sheet **(1)**
Assets **(1)**
Liabilities **(1)**
Income statement **(1)** **[6]**

(b)

Insurance account

			$				$	
2012					2013			
Aug 1	Balance	b/d	350		July 31	Income statement	1190	**(1)**
Nov 15	Bank		1200	**(1)**		Balance c/d	360	
			1550				1550	
2013								
Aug 1	Balance	b/d	360	**(1) OF**				

+(1) dates **[4]**

(c) Insurance was prepaid **[1]**

(d)

	Debit	Credit
Bank overdraft		✓**(1)**
Sales		✓**(1)**
Discount allowed	✓**(1)**	
Capital		✓**(1)**
Drawings	✓**(1)**	

[5]

(e) One from –

To check the arithmetical accuracy of the double entry
To assist in the preparation of financial statements

Any 1 reason (1) **[1]**

(f) (i) Principle **[1]**

(ii) The totals of the trial balance will still agree **(1)**
The non-current assets are overstated and expenses are understated **(1)** **[2]**

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(g) Statement of account **(1)**
Invoice **(1)**
Debit note **(1)** **[3]**

[Total: 23]

3 (a) 2 years **[2]**

(b)

Delivery vans account

2012				2012			
Jan 1	Balance	b/d	74 000 **(1)**	July 1	Disposal **(1)**		24 000 **(1)**
Aug 1	Bank		14 000 **(1)**	Dec 31	Balance	c/d	78 000
	DM Ltd **(1)**		14 000 **(1)**				
			102 000				102 000
2013							
Jan 1	Balance	b/d	78 000				

[6]

(c)

Van	Calculation	Depreciation charge for the year
		$
A	(20 000 – 11 562) × 25%	2 110 **(1)**
B	–	– **(1)**
C	(30 000 – 13 125) × 25%	4 219 **(1)**
D	28 000 × 25%	7 000 **(1)**
Total		13 329 **(1) OF**

[5]

(d)

Provision for depreciation of delivery vans account

			$				$	
Aug 1	Balance	b/d	350	July 31	Income statement		1190	**(1)**
2012				2012				
July 1	Disposals		10 500 **(1)**	Jan 1	Balance	b/d	35 187	**(1)**
Dec 31	Balance	c/d	38 016	Dec 31	Income statement		13 329	**(1) OF**
			48 516				48 516	
				2013				
				Jan 1	Balance	b/d	38 016	**(1) OF**

[4]

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(e) Balance Sheet extract at 31 December 2012

	Cost	Depreciation to date	Net book value
	$	$	$
Delivery vans	78 000	38 016	39 984
	(1)	**(1) OF**	**(1) OF**

[3]

(f) Consistency **[1]**

(g) Three from –

Wear and tear
Obsolescence/economic factors
Passage of time
Depletion

Any 3 reasons (1) each **[3]**

[Total: 24]

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4 (a)

Solomon
Statement of Affairs at 31 August 2013

	$	$	$	
Non-current Assets				
Vehicle (at valuation)			4 800	**(1)**
Current Assets				
Inventory		6 200	**}**	
Trade receivables		3 100	**}(1)**	
Other receivables		400	**}**	
Bank		4 700	**}(1)**	
		14 400		
Current Liabilities				
Trade payables	2 500	**)**		
Other payables	650	**)(1)**	3 150	
Net current assets			11 250	
			16 050	
Financed by				
Capital				
Balance			16 050	**(2) CF**
				(1) OF

[6]

(b) Calculation of profit for the year

	$	
Capital 31 August 2013	16 050	**(1) OF**
Less Capital 1 September 2012	15 500	**(1)**
	550	
Add Drawings (18 000 + 450)	18 450	**(1)**
	19 000	
Less Capital introduced (2000 + 1000)	3 000	**(1)**
Profit for the year	16 000	**(1) OF**

Alternative calculation

Capital account

		$				$	
2013				2012			
Aug 31	Drawings (18 000 + 450)	18 450	**(1)**	Sept 1	Balance b/d	15 500	**(1)**
	Balance c/d	16 050	**(1) OF**	2013			
				Aug 31	Rent	2 000	**}**
					Bank	1 000	**}(1)**
					Profit for year	16 000	**(1) OF**
		34 500				34 500	
				2013			
				Jan 1	Balance b/d	16 050	

[5]

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(c) Solomon

Income Statement for the year ended 31 August 2013

	$	$
Revenue (94 450 **(1)** + 3100 **(1)**)		97 550
Less Cost of sales		
Purchases (71 700 **(1)** + 2500 **(1)**)	74 200	
Less Goods for own use	450 **(2)**	
	73 750	
Less Closing inventory	6 200 **(1)**	67 550
Gross profit		30 000 **(1) OF**

[8]

(d) Advantages
Any two from –

Extra capital
Additional expertise
Sharing of losses
Sharing of responsibilities
Sharing of risks
Sharing of ideas

Any 2 advantages (1) each

Disadvantages
Any two from –

Sharing of profits
Possibility of disagreements
Slower decision-making

Any 2 disadvantages (1) each **[4]**

[Total: 23]

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5 (a) Bad debts
Amounts owing to a business which will not be paid by the debtor **(1)**

Provision for doubtful debts
Estimate of the amount which a business may lose in a financial year because of bad debts **(1)** **[2]**

(b)

Provision for doubtful debts account

			$				$
2013				2012			
Aug 31	Balance (19 800 × 3%)	c/d	594 **(2)**	Sept 1	Balance	b/d	322 **(1)**
				Aug 31	Income statement		272 **(1)OF**
			594				594
				2013			
				Sept 1	Balance	b/d	594 **(1) OF**

[5]

(c)

Balance Sheet extract at 31 August 2013

Current Assets	$	$
Trade receivable	19 800 **(1)**	
Less Provision for doubtful debts	594 **(1) OF**	19 206

[2]

(d)

	Manufacturing Account Direct cost	Manufacturing Account Indirect cost	Income Statement
Depreciation of delivery van			✓ **(1)**
Purchases of raw materials	✓ **(1)**		
Factory supervisor's salary		✓ **(1)**	
Salesman's commission			✓ **(1)**
Carriage inwards	✓ **(1)**		

[5]

[Total: 14]

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6 (a)

Transaction	Debit entry			Credit entry		
		$			$	
2	Drawings	200	**(1)**	Purchases	200	**(1)**
3	Bank Discount allowed	600 25	**(1)** **(1)**	Tabitha	625	**(1)**
4	Samir	1400	**(1)**	Sales	1400	**(1)**

[7]

(b)

	$	
Opening working capital	12 100	
Transaction 1	800	**(1)**
2	(200)	**(1)**
3	(25)	**(1)**
4	400	**(1)**
Closing working capital	13 075	**(1) OF**

[5]

(c)

Transaction	Current ratio		Quick (acid test) ratio	
2	Decrease	**(1)**	No effect	**(1)**
3	Decrease	**(1)**	Decrease	**(1)**
4	Increase	**(1)**	Increase	**(1)**

[6]

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(d)

	Capital expenditure	Capital receipt	Revenue expenditure	Revenue Receipt
Purchase of goods for resale			✓ **(1)**	
Purchase of equipment	✓ **(1)**			
Proceeds of sale of fixtures		✓ **(1)**		
Payment of advertising			✓ **(1)**	
Credit sales				✓ **(1)**
Discount allowed			✓ **(1)**	

[6]

(e) **1** Balance sheet **(1)**

2 Income statement **(1)** **[2]**

[Total: 26]

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