Cambridge International Examinations
Cambridge International General Certificate of Secondary Education

ACCOUNTING **0452/11**

Paper 1 **October/November 2016**

MARK SCHEME

Maximum Mark: 120

Published

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 2016 series for most Cambridge IGCSE®, Cambridge International A and AS Level components and some Cambridge O Level components.

® IGCSE is the registered trademark of Cambridge International Examinations.

© UCLES 2016

Glossary for Q1

(c)

A $600 - 150 = 450$
B $600 - 20 = 580$
C $600 + 20 = 620$
D $600 + 150 = 750$

(d)

A and C $2000 + 100 - 180 - 1750 = 170$
B and D $2000 - 100 + 180 - 1750 = 330$

(i)

A $9800 - 1120 - 8280 = 400$
B $10\,000 - 1120 - 8280 = 600$
C $9800 - 850 - 8280 = 670$
D $10\,000 - 850 - 8280 = 870$

(j)

A $800 - (820 - 70) = 50$
B $(820 + 70) - 800 = 90$
C $1200 - (820 + 70) = 310$
D $1200 - 820 = 380$

1 (a) B

(b) B

(c) A

(d) A

(e) A

(f) C

(g) D

(h) C

(i) D

(j) B

$10 \times$ **(1)** mark

[Total: 10]

© UCLES 2016

2 **(a)** Going concern **(1)** **[1]**

(b) To check the arithmetical accuracy of the double entry **(1)**
OR
To help in the preparation of the financial statements **(1)** **[1]**

(c) Suspense **(1)** **[1]**

(d)

	Debit side	Credit side
Capital		✓
Cash	✓	
Drawings	✓	
Rent	✓	
Sales returns	✓	
Bank overdraft		✓
Machinery	✓	
Discount received		✓
Provision for depreciation		✓
Bad debts	✓	

Any two correct for **(1)** mark **[5]**

(e) So that accounts of the same type can be kept together

To allow division of work
To allow easier reference
To allow checking procedures to be introduced
Any one reason **(1)** **[1]**

© UCLES 2016

(f)

Account	Ledger
Insurance	*Nominal/general*
Sales	Nominal/general **(1)**
Discount allowed	Nominal/general **(1)**
Philip, a credit customer	Sales **(1)**
Purchases	Nominal/general **(1)**
Amit, a credit supplier	Purchases **(1)**

[5]

(g) (i) Trade discount –
to encourage bulk purchases
to reward business in the same trade
to allow customers to make a profit
Any one for **(1)** mark **[1]**

(ii) Cash discount - to reward prompt payment **(1)** **[1]**

(h) Cash discount **(1)** **[1]**

(i)

	debit entry	credit entry
Goods taken	Drawings **(1)**	Purchases **(1)**
Computer transferred	Office equipment **(1)**	Capital **(1)**

[4]

(j) Business entity **(1)** **[1]**

© UCLES 2016

(k)

Interested party	Reason
Karen	To see progress of business
Government department	To check on tax payable
Trade payables/ suppliers	To check on likelihood of receiving money
Bank manager	To decide on whether to give/continue overdraft
Customer	To check on viability of business for continued supply of goods
Potential partner	To see potential rewards for investment
Manager	To see progress of business
Any **two** for **(1)** each	Any **two** related reasons for **(1)** each

Reasonable alternatives may be rewarded **[4]**

(l) Financial information is relevant if it affects the business decisions **(1)** **[1]**

[Total: 27]

3 **(a)** Something which the business owns or something which is owed to the business **(1)** **[1]**

(b) Non-current asset –any reasonable definition **(1)** eg an item held for more than 12 months, an item which is not for resale.

Current asset – any reasonable definition **(1)** eg short term, an item which can be turned into cash quickly. **[2]**

(c) An amount which is owed by the business **(1)** **[1]**

(d) Non-current liability – any reasonable definition **(1)** eg long term debt

Current liability – any reasonable definition **(1)** eg an amount owed to be paid within a year **[2]**

(e) **(i)** any reasonable suggestion **(1)** eg oven, computer **[1]**

(ii) any reasonable suggestion **(1)** eg flour, yeast, unsold loaves **[1]**
Other suitable answers are acceptable.

(f) **(i)** $\frac{135\,480}{14250}$ **(1of)** **(1)** $= 9.51\,\text{times}$ **(1of)**

[3]

(ii) $[(1300 + 700) \times 1.2]$ **(1)** $- 1400$ **(1)** $= 1000$ **(1)** **[3]**

© UCLES 2016

(g) Any two possible reasons for **(1)** mark each e.g.
making a loss, excess drawings, purchase of non-current assets, bad debts, debtors not paying, paying trade payables sooner, increased expenditure on inventory, repayment of loan.
Other suitable answers are acceptable. **[2]**

[Total: 16]

4 (a)

Grindle

Fixtures and fittings account

2015		$		2015		$	
Jan 1	Balance b/d	17 200	**(1)**	Aug 1	Disposal **(1)**	3 200	**(1of)**
Mar 1	Bill	3 600	**(1)**	Dec 31	Balance c/d	17 600	
		20 800				20 800	
2016							
Jan 1	Balance b/d	17 600	**(1)**				

+**1 dates** **[6]**

(b) $17 600 **(1)** x 0.10 = $1760 **(1)** **[2]**

(c)

Grindle

Provision for depreciation of fixtures and fittings account

2015		$		2015		$	
Aug 1	Disposal	320	**(1of)**	Jan 1	Balance b/d	5 800	
Dec 31	Balance c/d	7 240		Dec 31	Income statement	1 760	**(1of)**
		7 560				7 560	
				2016			
	+1 dates			Jan 1	Balance b/d	7 240	**(1of)**

[4]

(d) Capital expenditure **(1)** **[1]**

(e) None **(1)** **[1]**

(f)

Increase	Decrease
	✓ **(1)**

[1]

[Total: 15]

© UCLES 2016

5 (a) A cost which can be linked to a specific unit of production **(1)** **[1]**

(b) Any two correct answers for **(1)** mark each
E.g. purchases of cloth, thread, buttons etc., carriage on material, machinists etc., royalties **[2]**

(c) Factory overhead **(1)**
OR any example for **(1)** mark
e.g. factory supervisor's salary, depreciation of factory machinery, rent of factory building **[1]**

(d) (i) $89\,000 + 21\,600$ **(1)** $- 100$ **(1)** $= \$110\,500$ **(1of)** **[3]**

(ii)

Mistry Clothing
Income Statement for the year ended 30 June 2016

	$	$	
Revenue		203 220	**(1)**
Inventory at 1 July 2015	8 800		**(1)**
Cost of production	110 500		**(1of)**
Purchases	36 200		**(1)**
	155 500		
Drawings	(320)		**(1)**
	155 180		
Inventory at 30 June 2016	19 700		**(1)**
Cost of sales		135 480	
Gross profit		67 740	**(1of)**
Selling and distribution expenses	20 760		
Administration expenses	31 760		
		52 520	**(1)**
Profit for the year		15 220	**(1of)**

[9]

(e) It is cheaper to buy than produce **(1) OR**

Demand is higher than production at full capacity **(1)** **[1]**

(f)

$$\frac{1800\ \textbf{(1)}}{750\ \textbf{(1)}} = 2.4:1\ \textbf{(1)}$$

[3]

(g) Sales have slowed down **(1)**
Inventory has increased **(1)** **[2]**

[Total: 22]

© UCLES 2016

6 (a)

Amina and Doreen
Cash book (bank columns)

2016		$		2016		$	
Jan 1	Capital A	5 000	}	Jan 1	Rent	2 700	**(1)**
	Capital D	5 000	}**(1)**	20	Bertie	3 880	**(1)**
6	Sales	7 900	**(1)**	31	Wages	800	**(1)**
					Balance c/d	10 520	
		17 900				17 900	
Feb 1	Balance b/d	10 520	**(1of)**				

[6]

(b) (i)

	$	$	
Revenue		8 500	**(1)**
Purchases	4 000		**(1)**
Closing inventory	(600)		**(1)**
Cost of sales		3 400	
Gross profit		5 100	**(1of)**

[4]

(ii)

Amina and Doreen
Calculation of profit for the month ended 31 January 2016

	$		$	
Gross profit			5 100	**(1of)**
Discount received			120	**(1)**
			5 220	
Rent	900	**(1)**		
Wages	800	**(1)**		
Depreciation fixtures and fittings	40	**(1)**		
Depreciation delivery van	135	**(1)**	1 875	
Profit for the month			3 345	**(1of)**

[7]

© UCLES 2016

(c)

Amina and Doreen

Statement of Financial Position at 31 January 2016

		$		$		$
Non-current assets		Cost		Accumulated depreciation		N B V
Delivery vehicle		8 100	**(1)**	135	**(1of)**	7 965
Fixtures and fittings		4 800	**(1)**	40	**(1of)**	4 760
		12 900		175		12 725
Current assets						
Inventory (150 × 4)				600	**(1)**	
Trade receivable (50 × 10)				500	**(1)**	
Other receivables				1 800	**(1)**	
Bank				10 520	**(1of)**	
Cash				100	**(1)**	13 520
Total assets						26 245
Capital	Amina			13 100	**(1)**	
	Doreen			9 800	**(1)**	22 900
Current	Amina			2 230	**(1of)**	
	Doreen			1 115	**(1of)**	3 345
						26 245

[13]

[Total: 30]

© UCLES 2016