Cambridge International Examinations
Cambridge International General Certificate of Secondary Education

ACCOUNTING **0452/12**

Paper 1 **October/November 2016**

MARK SCHEME

Maximum Mark: 120

Published

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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]

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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]**

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(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]**

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(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]**

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(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]

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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)

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

[3]

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

[Total: 22]

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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]

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(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]

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