MARK SCHEME for the October/November 2014 series

0452 ACCOUNTING

0452/12

Paper 1, maximum raw mark 120

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Ρ	age 2	Mark Scheme	Syllabus	Paper
		Cambridge IGCSE – October/N	ovember 2014 0452	12
1	(a)	В		
	(b)	C		
	(c)	D		
	(d)	C		
	(e)	C		
	(f)	A		
	(g)	D		
	(h)	A		
	(i)	A		
	(j)	C		(1) each
				[10]

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2 (a) Capital = assets – liabilities (1) OR other acceptable version of formula

(b)

	Debit entry	/	Credit entry			
1	Bank account	\$ 10 000		Capital account	\$ 10 000	
2	Motor vehicles account	6 500	(1)	Capital account	6 500	(1)
3	Purchases account	2000	(1)	Zed account	2000	(1)
4	Rent account	3000	(1)	Bank account	3000	(1)

(c) Can withdraw more from bank than put in/can have overdraft (1) Cannot take more cash than is physically present (1)

(d)

Arun Journal			_
	Debit	Credit	
	\$	\$	
Rupa (account in purchases ledger)	37		(1)
Rupa (account in sales ledger)		37	(1)

- (e) Save on administration costs (1) The debt can be settled by using one cheque only (1)
- (f)

Applying the same accounting treatment to similar items at all times	Consistency
Assuming a business will continue to operate indefinitely	Going concern (1)
Expressing transactions in monetary terms	Money measurement (1)

[2]

[1]

[2]

[2]

[2]

[6]

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(g)

	Debit	Credit
Rent receivable		\checkmark
Sales returns	√(1)	
Inventory	√(1)	
Discount allowed	√(1)	
Provision for depreciation		(1)

[4]

[Total: 19]

гау	e 5				Mark Sche	me			Syllabus	Paper
				Cambridge	IGCSE – Octob	ber/Nov	emb	er 2014	0452	12
3 (a	a)									
	,				Ad	vertising	g acc	ount		
					\$				\$	
		2013				2014				
		Nov	1	Bank/cash	450 (1)	Aug	31	Income Statemen	t 91	5 (1)OF
		2014				-		Balance c/d	15	5 (1)CF
		May	1	Bank/cash	620 (1)					
					1070				107	0
		2014								
	ļ	Sept	1	Balance b/d	155 (1)OF					

(b)

Book of prime entry	Source document	
Sales journal	Sales invoice	(1)
Purchases journal	Purchases invoice	(1)
Sales returns journal	Credit note issued	(1)
Purchases returns journal	Credit note received	(1)
Petty cash book	Voucher/receipt	(1)
Cash book	Cheque counterfoil/cheque/receipt/paying-in slip	(1)

[6]

[2]

(c) Reduces the number of entries in the ledger
 Acts as an aid for posting to the ledger
 Helps to gather and summarise accounting information/facilitate preparation of control accounts
 Groups together similar types of transactions
 Allows work to be divided between several people

Any 1 reason (2)

	• •
	d)
• • •	-,

Account(s) to be debited			Account(s) to be credited		
	\$			\$	
Amber Retail	100	(1)	Sales	187	(1)
Business Supplies	65	(1)			
Custom Print	22	(1)			

[4]

[Total: 18]

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4 (a)

Journal							
	Debit \$	Credit \$					
Sales returns Purchases returns Suspense	80 80	160	(1) (1) (1)				
Motor vehicle expenses Motor vehicles	150	150	(1) (1)				
Suspense Purchases	100	100	(1) (1)				
Drawings Purchase	55	55	(1) (1)				

(b)

Suspense Account								
	\$		\$					
Difference on		Sales returns	80	(1)				
Trial balance	60	Purchase returns	80	(1)				
Purchases	100 (1)							
	160		160					

(c) Error of principle (1)

[1]

[3]

[9]

[Total: 13]

Ρ	age 7		Ма		Syllabus	Paper			
			Cambridge IGCSE	4	0452	12			
5	(a)								
				Sales ledger	control	acco	ount		
				\$					\$
		2013			2014		_		
		July 1 2014	Balance b/d	4 100 (1)	June	30	Sales retu Cash/bank		1 001 (1) 45 702 (1)
		June 30	Sales	48610 (1)			Discount a	llowed	890 (1)
			Interest	77 (1)			Bad debts		274 (1)
							Balance c/		4920
				52787				5	52787
		2014							
		July 1	Balance b/d	4920 (1)OF					
				Purchases ledge	er contr	ol ad	count		
				\$					\$
		2014			2013				
		June 30	Purchases returns	910 (1)	July	1	Balance b/	d	3 161 (1)
			Cash/bank	37 691 (1)	2014				
			Discount received	663 (1)	June	30	Purchases		39 101 (1)
			Balance c/d	2998					10.000
				42262	0044				<u>12262</u>
					2014	4	Delenert	.	
					July	1	Balance b/	u	2998 (1)OF
									[14]

(b)

	Book of prime entry	
Credit sales	Sales journal	(1)
Returns of credit purchases	Purchases returns journal	(1)
Receipts from credit customers	Cash book	(1)
Bad debts written off	Journal	(1)
Interest charged on overdue accounts	Journal	(1)

[5]

(c)

2014			Provision for \$	doubtfu 2013	l deb	ets account	\$	
June	30	Balance c/d (5%×4920)	246 (1)OF		1	Balance b/d	205 (1)	
		,	246	June	30	Income statement	<u>41</u> (1)OF 246	
				2014 July	1	Balance b/d	246 (1)OF	
								[4]

(d) The provision was \$246 OF but the actual bad debts were higher. (1) The provision may not be adequate. (1)
 Comment to be based on OF provision in (c)

[2]

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6 (a)	The partnership was making losses The drawings exceeded the partners' profit share, interest and salary Any 1 reason (2)							
(b)	Fixtures and fittings (100000 – 10000) 90000 (1)							
	Delivery van (40000 – 12000) 28000 (1) Inventory 56400 } Trade receivables 19000 }(1) 193400							
	Bank 6600 (1) Trade payables 25400 (1) Net assets at 31 December 2013 161400 (1)	CF						
			[6]					
(c)	\$ Net assets at 31 December 2013 Add Drawings – Dina Lee 17 000 } \$ 161 400 (1)OF 35 000							
	Less Net assets 1 January 2013 196 400 Profit for the year 150 000 (1) 46 400 (1)OF		[4]					
(d)	Dina and Lee Appropriation Account for the year ended 31 December 2013 \$ \$							
	Profit for the year 46400 (1)OF							

Profit for the year		46400 (1)(
Less interest on capital: Dina	10 000 (1)	
Lee	6000 (1)	
	16000	
Salary: Lee	15000 (1)	31000
		15400
Share of profit: Dina	7700 (1)OF	-
Lee	7700 (1)OF	15400

[6]

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(e)

				Dina \$	Curro Lee \$	ent Acco	unts		Dina \$	Lee \$
Jar	า 1		(1) (1)	5200 18000	17 000		Interest on capital Salary Share of Profit Balance c/d	(1)OF (1) (1)OF	10 000 7 700 5 500	6 000 15 000 7 700
		Balance	(1)OF	<u>23200</u> 5500	28700	2014 Jan 1	Balance b/d	(1)OF	23200	28700 6900
										[7]
1	= 75	5400 : 32000	(1) : (6	600 + 25	5400) (1)				
2	= 19	000 : 32000	+ 254	00) (1)						[6]
(i)	Red	uction in banł P C C	k balan urchas R incre R repa	ce becau e of non- ease in p yment of	ise of or current artners' long te	ne of the assets drawings rm loan	following (1)			[2]
(ii)	Can Can	not meet deb not take adva	ts wher	n due of cash d	iscount	S				
	May Or c	have difficult her suitable	y in obt e comn	aining fu	irther su	Ipplies				[2]
									[Total:	35]
	Jar De 20 Jar 1 2 (i)	2014 Jan 1 1 (564 = 75 = 2.3 2 190 = 19 = 0.3 (i) Hold Red (ii) Hold Red (ii) Can Can Can May Or c	Jan 1 Balance b/d Dec 31 Drawings Balance c/d 2014 Jan 1 Balance 1 $(56400 + 19000)$ = 75400 : 32000 = 2.36 : 1 (1)OF 2 19000 (1) : (6600 = 19000 : 32000 = 0.59 : 1 (1)OF (i) Holding excessive Reduction in bank P C Answer to be ap (ii) Cannot meet deb Cannot take adva Cannot take adva May have difficult Or other suitable	Jan 1 Balance b/d (1) Dec 31 Drawings (1) Balance c/d 2014 Jan 1 Balance (1)OF 1 $(56400 + 19000)$ (1) : (6 = 75400 : 32000 = 2.36 : 1 (1)OF 2 19000 (1) : (6600 + 2540) = 19000 : 32000 = 0.59 : 1 (1)OF (i) Holding excessive invent Reduction in bank balance OR repa Answer to be appropria (ii) Cannot meet debts wher Cannot take advantage of May have difficulty in obt	\$ 2013 Jan 1 Balance b/d (1) 5200 Dec 31 Drawings (1) 18000 Balance c/d 23200 2014 Jan 1 Balance (1)OF 5500 1 (56400 + 19000) (1) : (6600 + 25 = 75400 : 32000 = 2.36 : 1 (1)OF 2 19000 (1) : (6600 + 25400) (1) = 19000 : 32000 = 0.59 : 1 (1)OF (i) Holding excessive inventory/increated Reduction in bank balance becauted Purchase of non-OR increase in purchase of non-OR in	Dina Lee \$ $$2013Jan 1 Balance b/d (1) 5200 4800Dec 31 Drawings (1) 18000 17000Balance c/d 690023200 287002014Jan 1 Balance (1)OF 55001 (56400 + 19000) (1) : (6600 + 25400) (1= 75400 : 32000= 2.36 : 1 (1)OF2 19000 (1) : (6600 + 25400) (1)= 19000 : 32000= 0.59 : 1 (1)OF(i) Holding excessive inventory/increase in inReduction in bank balance because of orPurchase of non-currentOR increase in partners'OR repayment of long teAnswer to be appropriate to ratio calc(ii) Cannot meet debts when dueCannot take advantage of cash discountsCannot take advantage of business opporMay have difficulty in obtaining further suOr other suitable comments based on$	DinaLee $\$$ $\$$ 20132013Jan 1Balance b/d (1) 5200 4800 Dec 31Dec 31Drawings (1) 18000 17000 Balance c/d 6900 2014 2014Jan 1Balance (1)OF 5500 20142014Jan 1Balance (1)OF 5500 20142014Jan 1Balance (1)OF 5500 201420141(56400 + 19000) (1) : (6600 + 25400) (1) $= 75400$: 32000 $= 2.36 : 1$ (1)OF219000 (1) : (6600 + 25400) (1) $= 19000$: 32000 $= 0.59 : 1$ (1)OF(i)Holding excessive inventory/increase in inventoryReduction in bank balance because of one of the Purchase of non-current assets OR increase in partners' drawings OR repayment of long term loanAnswer to be appropriate to ratio calculated in(ii)Cannot meet debts when due Cannot take advantage of cash discounts Cannot take advantage of business opportunities May have difficulty in obtaining further supplies Or other suitable comments based on answer	\$ \$ 2013 2013 Jan 1 Balance b/d (1) 5200 4800 Dec 31 Interest on capital Dec 31 Drawings (1) 18000 17000 Salary Balance c/d 6900 Share of Profit Balance c/d 23200 28700 2014 2014 Jan 1 Balance (1)OF 5500 Jan 1 Balance b/d 1 (56 400 + 19000) (1) : (6600 + 25 400) (1) = 75400 : 32 000 = 2.36 : 1 (1)OF 2 19000 (1) : (6600 + 25 400) (1) = 19000 : 32 000 = 0.59 : 1 (1)OF (i) Holding excessive inventory/increase in inventory (1) Reduction in bank balance because of one of the following (1) Purchase of non-current assets OR increase in partners' drawings OR repayment of long term Ioan Answer to be appropriate to ratio calculated in (f) Part 2 (ii) Cannot meet debts when due Cannot take advantage of cash discounts Cannot take advantage of business opportunities as they arise May have difficulty in obtaining further supplies Or other suitable comments based on answer to (f) Part 1	Dina Lee \$ 2013 Jan 1 Balance b/d (1) 5200 4800 Dec 31 Interest on capital (1)OF Dec 31 Drawings (1) 18000 17000 Salary (1) Balance c/d 6900 Share of Profit (1)OF Balance c/d 23200 2014 Jan 1 Balance (1)OF 5500 Jan 1 Balance b/d (1)OF 1 (56 400 + 19000) (1) : (6600 + 25 400) (1) = 75 400 : 32 000 = 2.36 : 1 (1)OF 2 19000 (1) : (6600 + 25 400) (1) = 19000 : 32 000 = 0.59 : 1 (1)OF (i) Holding excessive inventory/increase in inventory (1) Reduction in bank balance because of one of the following (1) Purchase of non-current assets OR increase in partners' drawings OR repayment of long term loan Answer to be appropriate to ratio calculated in (f) Part 2 (ii) Cannot meet debts when due Cannot take advantage of cash discounts Cannot take advantage of business opportunities as they arise May have difficulty in obtaining further supplies Or other suitable comments based on answer to (f) Part 1	$\begin{array}{c ccccccccccccccccccccccccccccccccccc$