

## **MARK SCHEME for the October/November 2013 series**

### **0452 ACCOUNTING**

**0452/13**

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.

|               |                                      |                 |              |
|---------------|--------------------------------------|-----------------|--------------|
| <b>Page 2</b> | <b>Mark Scheme</b>                   | <b>Syllabus</b> | <b>Paper</b> |
|               | <b>IGCSE – October/November 2013</b> | <b>0452</b>     | <b>13</b>    |

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]

|               |                                      |                 |              |
|---------------|--------------------------------------|-----------------|--------------|
| <b>Page 3</b> | <b>Mark Scheme</b>                   | <b>Syllabus</b> | <b>Paper</b> |
|               | <b>IGCSE – October/November 2013</b> | <b>0452</b>     | <b>13</b>    |

- 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        | <u>1200</u> (1)   |         | Balance c/d      | <u>360</u>  |
|        |             | <u>1550</u>       |         |                  | <u>1550</u> |
| 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]

|               |                                      |                 |              |
|---------------|--------------------------------------|-----------------|--------------|
| <b>Page 4</b> | <b>Mark Scheme</b>                   | <b>Syllabus</b> | <b>Paper</b> |
|               | <b>IGCSE – October/November 2013</b> | <b>0452</b>     | <b>13</b>    |

- (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)     |        |              |                |
|       |             | <u>102 000</u> |        |              | <u>102 000</u> |
| 2013  |             |                |        |              |                |
| Jan 1 | Balance b/d | 78 000         |        |              |                |

[6]

(c)

| Van   | Calculation                       | Depreciation charge for the year |
|-------|-----------------------------------|----------------------------------|
| A     | $(20\,000 - 11\,562) \times 25\%$ | \$ 2 110 (1)                     |
| B     | –                                 | – (1)                            |
| C     | $(30\,000 - 13\,125) \times 25\%$ | 4 219 (1)                        |
| D     | $28\,000 \times 25\%$             | <u>7 000 (1)</u>                 |
| Total |                                   | <u>13 329 (1) OF</u>             |

[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 <u>13 329 (1) OF</u> |
|        |             | <u>48 516</u> |         | <u>48 516</u>                         |
|        |             |               | 2013    |                                       |
|        |             |               | Jan 1   | Balance b/d 38 016 (1) OF             |

[4]

|               |                                      |                 |              |
|---------------|--------------------------------------|-----------------|--------------|
| <b>Page 5</b> | <b>Mark Scheme</b>                   | <b>Syllabus</b> | <b>Paper</b> |
|               | <b>IGCSE – October/November 2013</b> | <b>0452</b>     | <b>13</b>    |

(e) Balance Sheet extract at 31 December 2012

|               | Cost   | Depreciation<br>to date | Net book<br>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]**

|        |                               |          |       |
|--------|-------------------------------|----------|-------|
| Page 6 | Mark Scheme                   | Syllabus | Paper |
|        | IGCSE – October/November 2013 | 0452     | 13    |

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                   |            | <u>4 700</u> | }             | (1)              |
|                        |            | 14 400       |               |                  |
| Current Liabilities    |            |              |               |                  |
| Trade payables         | 2 500      | )            |               |                  |
| Other payables         | <u>650</u> | )(1)         | <u>3 150</u>  |                  |
| Net current assets     |            |              | <u>11 250</u> |                  |
|                        |            |              | <u>16 050</u> |                  |
| Financed by            |            |              |               |                  |
| Capital                |            |              |               |                  |
| Balance                |            |              | <u>16 050</u> | (2) CF<br>(1) OF |

[6]

(b) Calculation of profit for the year

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

**Alternative calculation**

|        |                | Capital account |        |                 |                      |
|--------|----------------|-----------------|--------|-----------------|----------------------|
|        |                | \$              |        |                 | \$                   |
| 2013   |                |                 | 2012   |                 |                      |
| Aug 31 | Drawings       |                 | Sept 1 | Balance         | b/d 15 500 (1)       |
|        | (18 000 + 450) | 18 450 (1)      | 2013   |                 |                      |
|        | Balance c/d    | 16 050 (1)      | Aug 31 | Rent            | 2 000 }              |
|        |                | <b>OF</b>       |        | Bank            | 1 000 } (1)          |
|        |                | <u>34 500</u>   |        | Profit for year | <u>16 000 (1) OF</u> |
|        |                |                 |        |                 | <u>34 500</u>        |
|        |                |                 | 2013   |                 |                      |
|        |                |                 | Jan 1  | Balance         | b/d 16 050           |

[5]

|               |                                      |                 |              |
|---------------|--------------------------------------|-----------------|--------------|
| <b>Page 7</b> | <b>Mark Scheme</b>                   | <b>Syllabus</b> | <b>Paper</b> |
|               | <b>IGCSE – October/November 2013</b> | <b>0452</b>     | <b>13</b>    |

(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            | <u>450 (2)</u>   |                      |
|                                   | 73 750           |                      |
| Less Closing inventory            | <u>6 200 (1)</u> | <u>67 550</u>        |
| Gross profit                      |                  | <u>30 000 (1) OF</u> |

[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]

|               |                                      |                 |              |
|---------------|--------------------------------------|-----------------|--------------|
| <b>Page 8</b> | <b>Mark Scheme</b>                   | <b>Syllabus</b> | <b>Paper</b> |
|               | <b>IGCSE – October/November 2013</b> | <b>0452</b>     | <b>13</b>    |

- 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 c/d<br>(19 800 × 3%) | 594 (2) | Sept 1 | Balance b/d      | 322 (1)           |
|        |                              | 594     | Aug 31 | Income statement | 272 (1) OF<br>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<br>Direct cost | Manufacturing Account<br>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]



6 (a)

| Transaction | Debit entry              |           |            | Credit entry |        |     |
|-------------|--------------------------|-----------|------------|--------------|--------|-----|
| 2           | Drawings                 | \$ 200    | (1)        | Purchases    | \$ 200 | (1) |
| 3           | Bank<br>Discount allowed | 600<br>25 | (1)<br>(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]

(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]