



ACCOUNTING

0452/13

Paper 1

October/November 2017

MARK SCHEME

Maximum Mark: 120

Published

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This document consists of **13** printed pages.

Question	Answer	Marks
1(a)	D	1
1(b)	C	1
1(c)	B	1
1(d)	C	1
1(e)	C	1
1(f)	A	1
1(g)	D	1
1(h)	B	1
1(i)	B	1
1(j)	A	1

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2(a)	The amount owed by the business to the owner. The funds put into the business/contributed by the owner (plus profits net of drawings). Any one for (1) mark	1															
2(b)	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;"></td> <td style="width: 40%;">Principle</td> </tr> <tr> <td>A trader withdraws goods for his own use and records this in the drawings account.</td> <td>Business entity (1)</td> </tr> <tr> <td>A book-keeper writes off debts which will not be paid to the business.</td> <td>Prudence/accruals (matching) (1)</td> </tr> <tr> <td>An accountant does not include staff morale as an asset in the statement of financial position.</td> <td>Money measurement (1)</td> </tr> <tr> <td>A business uses the double entry system of book-keeping to record transactions.</td> <td>Duality (1)</td> </tr> </table>		Principle	A trader withdraws goods for his own use and records this in the drawings account.	Business entity (1)	A book-keeper writes off debts which will not be paid to the business.	Prudence/accruals (matching) (1)	An accountant does not include staff morale as an asset in the statement of financial position.	Money measurement (1)	A business uses the double entry system of book-keeping to record transactions.	Duality (1)	4					
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2(c)	Nominal (general) ledger	1															
2(d)	(Limited) company	1															
2(e)	Items which a business owns or which are owed to the business are known as ASSETS.	1															
2(f)	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 30%;">document</th> <th style="width: 40%;">reason for issue</th> <th style="width: 30%;">name of person issuing document</th> </tr> </thead> <tbody> <tr> <td>invoice</td> <td><i>to record goods sold on credit</i></td> <td><i>Jake</i></td> </tr> <tr> <td>debit note</td> <td>to ask for reduction in invoice (1)</td> <td>Rashida (1)</td> </tr> <tr> <td>credit note</td> <td>to accept request for reduction in invoice (1)</td> <td>Jake (1)</td> </tr> <tr> <td>statement of account</td> <td>to summarise transactions for the month (1)</td> <td>Jake (1)</td> </tr> </tbody> </table>	document	reason for issue	name of person issuing document	invoice	<i>to record goods sold on credit</i>	<i>Jake</i>	debit note	to ask for reduction in invoice (1)	Rashida (1)	credit note	to accept request for reduction in invoice (1)	Jake (1)	statement of account	to summarise transactions for the month (1)	Jake (1)	6
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2(g)		True or False	3
	Work in progress may appear in Jake's manufacturing account.	True (1)	
	Prime cost appears in Jake's income statement.	False (1)	
	Jake's business is a service business.	False (1)	

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3(a)	A bank statement is a copy of the customer's account as it appears in the books of the bank.	1																																																												
3(b)	<p style="text-align: center;">Kang-Dae Cash book (bank columns only)</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 15%;"></td> <td style="width: 15%; text-align: center;">2017</td> <td style="width: 15%;"></td> <td style="width: 15%; text-align: center;">\$</td> <td style="width: 15%;"></td> <td style="width: 15%; text-align: center;">2017</td> <td style="width: 15%;"></td> <td style="width: 15%; text-align: center;">\$</td> </tr> <tr> <td>June 1</td> <td>Balance b/d</td> <td>1 310</td> <td>(1)</td> <td>June 1</td> <td>Bank charges</td> <td>60</td> <td>(1)</td> </tr> <tr> <td></td> <td>Nigel</td> <td>540</td> <td>(1)</td> <td></td> <td>Rent</td> <td>1 000</td> <td>(1)</td> </tr> <tr> <td></td> <td>Insurance (error)</td> <td>320</td> <td>(1)</td> <td></td> <td>Electricity</td> <td>400</td> <td>(1)</td> </tr> <tr> <td></td> <td></td> <td style="border-top: 1px solid black;">2 170</td> <td></td> <td></td> <td>Balance c/d</td> <td style="border-top: 1px solid black;">710</td> <td></td> </tr> <tr> <td>June 1</td> <td>Balance b/d</td> <td style="border-top: 1px solid black;">710</td> <td>(1)OF</td> <td></td> <td></td> <td style="border-top: 1px solid black; border-bottom: 3px double black;">2 170</td> <td></td> </tr> </table>		2017		\$		2017		\$	June 1	Balance b/d	1 310	(1)	June 1	Bank charges	60	(1)		Nigel	540	(1)		Rent	1 000	(1)		Insurance (error)	320	(1)		Electricity	400	(1)			2 170			Balance c/d	710		June 1	Balance b/d	710	(1)OF			2 170		7												
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3(d)	A loan is of fixed amount but an overdraft is of varying amount. A loan is for a fixed term but an overdraft may be paid back at any time. A loan may require security but an overdraft may be unsecured. A loan may have a fixed rate of interest but an overdraft will have a variable rate. Any two for (1) each	2
3(e)	Non-current liabilities	1

Question	Answer	Marks
4(a)	$\frac{(17\,040 - 12\,780)}{42\,600} \times 100 = 10\%$ (1) (1) OF	3
4(b)	1 May 2015: Cash book (1) 1 August 2016: 1 Nominal (general) journal (1) 2 Cash book (1)	3

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4(c)	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 45%;"></th> <th style="width: 35%; text-align: center;">workings</th> <th style="width: 20%; text-align: center;">\$</th> </tr> </thead> <tbody> <tr> <td>fixtures and fittings at cost on 31 December 2015</td> <td style="text-align: center;">42 600 + 12 000</td> <td style="text-align: center;">54 600 (1)</td> </tr> <tr> <td>fixtures and fittings at cost on 31 December 2016</td> <td style="text-align: center;">54 600 (OF) – 10 000</td> <td style="text-align: center;">44 600 (1)OF</td> </tr> <tr> <td>depreciation charge for the year ended 31 December 2015</td> <td style="text-align: center;">(54 600 (OF) × 10%) (1)OF</td> <td style="text-align: center;">5 460 (1)OF</td> </tr> <tr> <td>accumulated depreciation at 31 December 2015</td> <td style="text-align: center;">17 040 + 5 460 (1)OF</td> <td style="text-align: center;">22 500 (1)OF</td> </tr> <tr> <td>depreciation charge for the year ended 31 December 2016</td> <td style="text-align: center;">(44 600 (OF) × 10%) (1)OF</td> <td style="text-align: center;">4 460 (1)OF</td> </tr> <tr> <td>accumulated depreciation at 31 December 2016</td> <td style="text-align: center;">22 500 (1)OF + 4 460 (1)OF – 4 000 (1)</td> <td style="text-align: center;">22 960 (1)OF</td> </tr> </tbody> </table>				workings	\$	fixtures and fittings at cost on 31 December 2015	42 600 + 12 000	54 600 (1)	fixtures and fittings at cost on 31 December 2016	54 600 (OF) – 10 000	44 600 (1)OF	depreciation charge for the year ended 31 December 2015	(54 600 (OF) × 10%) (1)OF	5 460 (1)OF	accumulated depreciation at 31 December 2015	17 040 + 5 460 (1)OF	22 500 (1)OF	depreciation charge for the year ended 31 December 2016	(44 600 (OF) × 10%) (1)OF	4 460 (1)OF	accumulated depreciation at 31 December 2016	22 500 (1)OF + 4 460 (1)OF – 4 000 (1)	22 960 (1)OF	12
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4(f)	<p>Reducing (diminishing) balance method (1) Annual percentage rate (1) is applied to the net book value (1) of the asset. OR Revaluation method (1) The difference between the opening and closing valuations is taken (1) and adjusted for any purchases or disposals (1)</p>			3																					

Question	Answer			Marks
4(g)		capital expenditure	revenue expenditure	4
cost of vehicle	✓ (1)			
number plates	✓ (1)			
fuel		✓ (1)		
insurance of vehicle		✓ (1)		
4(h)	Capital introduced Receipt of loan Proceeds of sale of non-current asset Any one for (1) mark			1

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5(c)	<p style="text-align: center;">Satish Statement of Financial Position at 30 June 2017</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 60%;"></th> <th style="width: 15%; text-align: center;">\$ Cost</th> <th style="width: 15%; text-align: center;">\$ Accumulated depreciation</th> <th style="width: 10%; text-align: center;">\$ Net book value</th> </tr> </thead> <tbody> <tr> <td>Non-current assets</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Fixtures and fittings</td> <td style="text-align: right;"><u>12 000 (1)</u></td> <td style="text-align: right;"><u>4 500 (1)</u></td> <td style="text-align: right;"><u>7 500</u></td> </tr> <tr> <td>Current assets</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Inventory (4 620 – 550)</td> <td></td> <td></td> <td style="text-align: right;">4 070 (1)</td> </tr> <tr> <td>Trade receivables (3 100 + 400)</td> <td></td> <td></td> <td style="text-align: right;"><u>3 500 (1)</u></td> </tr> <tr> <td></td> <td></td> <td></td> <td style="text-align: right;"><u>7 570</u></td> </tr> <tr> <td>Total assets</td> <td></td> <td></td> <td style="text-align: right;"><u>15 070</u></td> </tr> <tr> <td>Capital at 1 July 2016</td> <td></td> <td></td> <td style="text-align: right;">14 200 (1)</td> </tr> <tr> <td>Capital introduced</td> <td></td> <td></td> <td style="text-align: right;">2 000 (1)</td> </tr> <tr> <td>Profit</td> <td></td> <td></td> <td style="text-align: right;"><u>5 270 (1)OF</u></td> </tr> <tr> <td></td> <td></td> <td></td> <td style="text-align: right;">21 470</td> </tr> <tr> <td>Drawings</td> <td></td> <td></td> <td style="text-align: right;"><u>8 900 (1)</u></td> </tr> <tr> <td>Capital at 30 June 2017</td> <td></td> <td></td> <td style="text-align: right;"><u>12 570</u></td> </tr> <tr> <td>Current liabilities</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Trade payables</td> <td></td> <td></td> <td style="text-align: right;">1 900 (1)</td> </tr> <tr> <td>Bank</td> <td></td> <td></td> <td style="text-align: right;"><u>600 (1)</u></td> </tr> <tr> <td>Total liabilities</td> <td></td> <td></td> <td style="text-align: right;"><u>2 500</u></td> </tr> <tr> <td></td> <td></td> <td></td> <td style="text-align: right;"><u>15 070</u></td> </tr> </tbody> </table> <p>Accept alternative presentation</p>		\$ Cost	\$ Accumulated depreciation	\$ Net book value	Non-current assets				Fixtures and fittings	<u>12 000 (1)</u>	<u>4 500 (1)</u>	<u>7 500</u>	Current assets				Inventory (4 620 – 550)			4 070 (1)	Trade receivables (3 100 + 400)			<u>3 500 (1)</u>				<u>7 570</u>	Total assets			<u>15 070</u>	Capital at 1 July 2016			14 200 (1)	Capital introduced			2 000 (1)	Profit			<u>5 270 (1)OF</u>				21 470	Drawings			<u>8 900 (1)</u>	Capital at 30 June 2017			<u>12 570</u>	Current liabilities				Trade payables			1 900 (1)	Bank			<u>600 (1)</u>	Total liabilities			<u>2 500</u>				<u>15 070</u>	10
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Question	Answer								Marks
6(c)	Amina and Samara Capital accounts								3
	Date	Details	Amina \$	Samara \$	Date	Details	Amina \$	Samara \$	
	2017 Jun 30	Balance c/d	60 000	20 000	2016 Jul 1 2017 Jan 1	Balance b/d	50 000	20 000	(1) (1)
			60 000	20 000		Cash	10 000		
					2017 Jul 1	Balance b/d	60 000	20 000	(1) OF
	Current accounts								5
	Date	Details	Amina \$	Samara \$	Date	Details	Amina \$	Samara \$	
	2017 Jun 30	Drawings	8 000	12 000 (1)	2016 Jul 1	Balance b/d	4 000	3 000	(1)
		Balance c/d	7 500		2017 Jun 30	Interest on capital	5 500	2 000	(1of)
			15 500	12 000		Share of profit	6 000	4 000	(1of)
						Balance c/d	15 500	3 000	
	Jul 1	Balance b/d		3 000	Jul 1	Balance b/d	7 500	12 000	(1of)
	Where appropriate mark is for both entries								
6(d)	Profit for the year would be lower by the amount of the loan interest. (1) Interest on capital would be lower by the interest on the additional capital. (1) Shares of profit might be higher or lower depending on rate of loan interest. (1) Max 2								2

Question	Answer	Marks
6(e)	Samara has a debit balance on her current account (1) which means that she owes funds to the business. (1) Samara's drawings are greater than her total allocation of profit, (1) which means she is reducing the capital of the business. (1) The partnership agreement could be amended (1) to introduce a partner's salary/interest on drawings/change in the profit sharing ratio. (1) Amina has had to introduce additional capital (1) in order to run the day to day business/cover what Samara has taken as drawings. (1) One mark for basic point, plus one for development to max 4	4