

**CAMBRIDGE INTERNATIONAL EXAMINATIONS**  
International General Certificate of Secondary Education

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

### **0452 ACCOUNTING**

**0452/11**

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.

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<b>Page 2</b>	<b>Mark Scheme</b>	<b>Syllabus</b>	<b>Paper</b>
	<b>IGCSE – October/November 2013</b>	<b>0452</b>	<b>11</b>

1 (a) D

(b) D

(c) D

(d) B

(e) A

(f) B

(g) C

(h) A

(i) A

(j) C

(1) mark each

[Total: 10]

Page 3	Mark Scheme	Syllabus	Paper
	IGCSE – October/November 2013	0452	11

- 2 (a) Dividends (1)  
Transfer to general reserve (1) [2]
- (b) Shareholders have a legally separate identity from that of the company in which they hold shares  
OR  
Shareholders are only responsible for the debts of the company up to the amount they agreed to pay for their shares [2]
- (c) Maximum (1)  
Called up (1)  
Money/cash/payment (1) [3]
- (d)  $\frac{8}{100} \times \frac{500\,000}{1\,000\,000} = \$0.04$  [1]
- (e) To spread the cost of a non-current asset over its useful life [1]
- (f) (i)  $8000 - 1600 = 6400$  (1) –  $1600 = 4800$  (1) [2]  
(ii)  $8000 - 2000 = 6000$  (1) –  $1500 = 4500$  (1) [2]
- (g) Revaluation (1)  
Packing cases/loose tools/other appropriate example (1) [2]
- (h) Disposal account [1]
- [Total: 16]

<b>Page 4</b>	<b>Mark Scheme</b>	<b>Syllabus</b>	<b>Paper</b>
	<b>IGCSE – October/November 2013</b>	<b>0452</b>	<b>11</b>

**3 (a) Any two from –**

- To see the return on his investment
- To see if he is generating funds for re-investment
- To decide whether to continue in business or close the business
- To compare the profit with previous years
- To compare the profit with that of other businesses
- To ensure that drawings do not exceed profit
- To plan for the future/assist decision-making
- To know if expenses can be controlled better/if improvements can be made
- To calculate ratios/calculate profitability/measure performance
- To compare profit with the salary if he worked elsewhere
- For legal or tax purposes

**Any 2 reasons (1) each**

**[2]**

**(b)**

Account	Trial balance Debit or credit	Balance sheet section
Drawings	Debit (1)	Capital (1)
Provision for doubtful debts	Credit (1)	Current assets (1)
Credit supplier	Credit (1)	Current liabilities (1)
Bank overdraft	Credit (1)	Current liabilities (1)
Long term bank loan	Credit (1)	Non-current liabilities (1)
Provision for depreciation	Credit (1)	Non-current assets (1)

**[12]**

**(c) Any two from –**

- Omission (1) example of transaction totally omitted from the books (1)
- Commission (1) example of transaction posted to correct side of wrong account of right class (1)
- Principle (1) example of transaction posted to correct side of wrong account of wrong class (1)
- Original entry (1) example of transaction incorrectly recorded in book of prime entry (1)
- Reversal (1) example of debit entry posted on credit side and vice versa (1)
- Compensating (1) example of two or more errors cancelling each other out (1)

**Naming any 2 errors (1) each**

**+ (1) each for appropriate example**

**[4]**

**[Total: 18]**

Page 5	Mark Scheme	Syllabus	Paper
	IGCSE – October/November 2013	0452	11

4 (a)

Document	Alan	Vicky
Invoice	✓ (1)	
Credit note	✓ (1)	
Debit note		✓ (1)
Statement of account	✓ (1)	

[4]

(b)

		Insurance account			
		\$			\$
2012				2013	
July 1	Balance b/d	200	(1)	June 30	Income statement
Sept 1	Bank/cash	<u>1320</u>	(1)		Balance c/d
		<u>1520</u>			<u>220</u>
					<u>1520</u>
2013					
July 1	Balance b/d	220	(1)		

+ (1) dates

[5]

(c)

		Stationery account			
		\$			\$
2012				2013	
July 1	Balance b/d	60	(1)	June 30	Income statement
2013					Balance c/d
June 30	Bank/cash	<u>810</u>	(1)		<u>110</u>
		<u>870</u>			<u>870</u>
2013					
July 1	Balance b/d	110	(1)		

+ (1) dates

[5]

<b>Page 6</b>	<b>Mark Scheme</b>	<b>Syllabus</b>	<b>Paper</b>
	<b>IGCSE – October/November 2013</b>	<b>0452</b>	<b>11</b>

(d) One from –

Sales ledger control account  
Purchases ledger control account  
Trial balance

**Any one (1)**

**[1]**

(e)

Cash Book (Bank columns only)

				\$					\$
2013					2013				
Aug 1	Balance	b/d	1690	(1)	Aug 1	Bank charges	61	(1)	
	Diga		658	(1)		Water rates	205	(1)	
	Howat		512	(1)		Rent	1000	(1)	
						Balance	c/d	<u>1594</u>	
								<u>2860</u>	
			<u>2860</u>						
2013									
Aug 1	Balance	b/d	1594	(1) OF					

**[7]**

(f)

Bank Reconciliation Statement at 1 August 2013

				\$					\$
	Balance shown in cash book								1594 (1)OF
	Add Cheques not yet presented				Nash	701	(1)		
					Zamir	<u>451</u>	(1)		<u>1152</u>
									2746
	Less Amounts not yet credited				Cash sales	<u>1112</u>	(1)		
	Balance shown on bank statement								<u>1634</u> (1)

**Alternative presentation**

Bank Reconciliation Statement at 1 August 2013

				\$					\$
	Balance shown on bank statement								1634 (1)
	Add Amounts not yet credited				Cash sales	<u>1112</u>	(1)		
									2746
	Less Cheques not yet presented				Nash	701	(1)		
					Zamir	<u>451</u>	(1)		<u>1152</u>
	Balance shown in cash book								<u>1594</u> (1)OF

**[5]**

**[Total: 27]**

Page 7	Mark Scheme	Syllabus	Paper
	IGCSE – October/November 2013	0452	11

5 (a)

				Subscriptions account			
				\$		\$	
2012				2012			
Aug 1	Balance	b/d	60 (1)	Aug 1	Balance	b/d	70 (1)
2013			00	2013			
July 31	Income and			July 31	Bank		3100 (1)
	Expenditure		3190 (1)OF		Bad debts		50 (1)
	Balance	c/d	<u>10</u>		Balance	c/d	<u>40</u>
			<u>3260</u>				<u>3260</u>
2013				2013			
Aug 1	Balance	b/d	40 (1)	Aug 1	Balance	b/d	10 (1)

[7]

(b)

				Top Shot Badminton Club			
				Income Statement for the year ended 31 July 2013			
				\$		\$	
Revenue							5200 (1)
Less Cost of sales							
Inventory 1 August 2012			400 (1)				
Purchases (2800 – 150)			<u>2650</u> (1)				
			3050				
Less Inventory 31 July 2013			<u>480</u> (1)			<u>2570</u>	
Profit						<u>2630</u>	(1)OF

[5]

(c)

				Top Shot Badminton Club			
				Income and Expenditure Account for the year ended 31 July 2013			
				\$		\$	
Subscriptions						3190	(1)OF
Profit on refreshments						<u>2630</u>	(1)OF
						5820	
Rent			1400}				
Wages			1200} (1)				
Other costs			370 (1)				
Bad debts			50 (1)				
Depreciation – equipment (6200 + 3800 – 8100)			<u>1900</u> (2)			<u>4920</u>	
Surplus for the year						<u>900</u>	(1)OF

[8]

Page 8	Mark Scheme	Syllabus	Paper
	IGCSE – October/November 2013	0452	11

(d)

Top Shot Badminton Club Balance Sheet at 31 July 2013			
	\$	\$	\$
Non-current Assets			
Equipment at valuation			8 100 (1)
Current Assets			
Inventory	480 (1)		
Subscriptions accrued	40 (1)		
Bank	<u>1 420 (1)</u>		
		1 940	
Current Liabilities			
Subscriptions prepaid		<u>10 (1)</u>	
Net current assets			<u>1 930</u> <u>10 030</u>
Accumulated Fund			
Opening balance			9 130 (1)
Plus Surplus for the year			<u>900 (1)</u> OF
			<u>10 030</u>

[7]

(e)

Bank balance	Income and expenditure account
No adjustments made for accruals and prepayments	Items are adjusted for accruals and prepayments
Includes all money received and paid	Includes only revenue receipts and expenditures
Includes only monetary items	Includes non-monetary items

Any four reasons (1) each

[4]

[Total: 31]



Page 9	Mark Scheme	Syllabus	Paper
	IGCSE – October/November 2013	0452	11

6 (a)

Amina			
Revised Income Statement for the year ended 31 August 2014			
	\$		\$
Revenue (95 000 + 9500)			104 500 (1)
Less Cost of production (60 000 – 4000)	56 000	(1)	
Depreciation of equipment (10% × 80 000)	<u>8 000</u>	(1)	<u>64 000</u>
Gross profit			40 500
Less Other costs	25 000		
Loan interest (4% × 80 000)	<u>3 200</u>	(1)	<u>28 200</u>
Profit for the year (1)			<u>12 300</u> (1)CF

**Alternative presentation**

Amina			
Revised Income Statement for the year ended 31 August 2014			
	\$		\$
Original profit			10 000
Add Increase in selling price	9 500	(1)	
Decrease in repairs	<u>4 000</u>	(1)	<u>13 500</u>
			23 500
Less Interest on loan	3 200	(1)	
Depreciation	<u>8 000</u>	(1)	<u>11 200</u>
Revised profit for the year (1)			<u>12 300</u> (1)CF

[6]

- (b) Advice – Purchase the equipment (1)  
Reason – Profit for the year is increased (1)

**Or suitable advice and reason based on OF answer to (a)**

[2]

- (c) Any one from –

May not be able to obtain the loan  
Interest must be paid irrespective of profit  
Loan has to be re-paid at a future date  
May not want the commitment of a liability  
Estimated costs may be too low  
Loan interest may increase

**Or other appropriate comment****Any 1 comment (2) marks**

[2]

(d) (i)  $\frac{10\,000}{64\,000} \times \frac{100}{1} = 15.62\%$  (1)

(ii)  $\frac{(12\,300 \text{ (1)OF} + 3\,200 \text{ (1)})}{(64\,000 + 80\,000) \text{ (1)}} \times \frac{100}{1} = 10.76\%$  (1) OF

[5]

[Total: 15]