

CAMBRIDGE INTERNATIONAL EXAMINATIONS
International General Certificate of Secondary Education

MARK SCHEME for the October/November 2013 series

0452 ACCOUNTING

0452/13

Paper 1, maximum raw mark 120

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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]

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- 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]

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- (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

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(e) Balance Sheet extract at 31 December 2012

	Cost	Depreciation to date	Net book 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]

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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 (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 }
		OF		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

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(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]

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- 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 (19 800 × 3%)	594 (2)	Sept 1	Balance b/d	322 (1)
			Aug 31	Income statement	<u>272</u> (1) OF
		<u>594</u>			<u>594</u>
			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	<u>594</u> (1) OF	19 206

[2]

(d)

	Manufacturing Account Direct cost	Manufacturing Account 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)		

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[Total: 14]

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6 (a)

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

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(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]