CAMBRIDGE INTERNATIONAL EXAMINATIONS

Cambridge International General Certificate of Secondary Education

MARK SCHEME for the October/November 2015 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.

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CAMBRIDGE
International Examinations

1 (a) A

(b) B

(c) D

(d) C

(e) C

(f) C

(g) A

(h) B

(i) B

(j) D

(1) mark each

[Total: 10]

2 **(a)** Debit note: a document from a customer asking for a reduction in the value of an invoice received by them. **(1)**
Credit note: a document sent to the customer showing the reduction of an invoice. **(1)**
Statement of account: to summarise a customer's transactions for the month. **(1)** **[3]**

(b) So that accounts of the same type can be kept together
To allow division of work
To allow easier reference
To allow checking procedures to be introduced
Any one reason (1) **[1]**

(c)

Account	Ledger
Delivery van/Motor vehicles	*Nominal/general*
Sales	Nominal/general **(1)**
Susan	Sales **(1)**
Carriage inwards	Nominal/general **(1)**
Drawings	Nominal/general **(1)**
Adam	Purchases **(1)**

[5]

(d) Current assets **(1)** **[1]**

(e)

Account debited	Account credited
Purchases **(1)**	Alice **(1)**

[2]

(f)

	Discount allowed	Discount received
in the books of Ivy		✓ **(1)**
in the books of Alice	✓ **(1)**	

[2]

(g) Statement of account **(1)** **[1]**

[Total: 15]

3 (a) **Any two for (1) each** e.g. plant and equipment, factory premises, office premises, delivery vehicle **[2]**

(b)

non-current asset	current asset
lasting more than 12 months	lasting less than 12 months
bought to keep and use in the business	bought to resell/expected to turn into cash within 12 months
depreciated	not depreciated

Any one comment (1), comparison comment (1) **[2]**

(c) Amount received when a non-current asset is sold
Receipt of a loan
Share issue/capital introduced
Any one example (1) **[1]**

(d)

	Capital expenditure	Revenue expenditure
Purchase of inventory		✓ **(1)**
Purchase of stationery		✓ **(1)**
Legal fees on purchase of land	✓ **(1)**	
Construction costs of factory	✓ **(1)**	

[4]

(e) Disposal **(1)** **[1]**

(f) Consistency **(1)** **[1]**

(g) Historical/only deals with the past
Difficulties of definition
Non-financial aspects
Unable to predict future
Doesn't identify the cause of a problem
Any one for (1) mark **[1]**

[Total: 12]

4 (a)

Esme
Sales ledger control account

		$				$	
2014				2014			
Jan 1	Balance b/d	9 500	**(1)**	Dec 31	Sales returns	1 050	**(1)**
Dec 31	Sales	95 100	**(1)**		Bank/Cash	92 750	**(1)**
	Bank	450	**(1)**		Discount allowed	2 100	**(1)**
	Balance c/d	50			Bad debt	300	**(1)**
					PLCA/Contra	100	**(2)***
					Balance c/d	8 800	
		105 100				105 100	
2015				2015			
Jan 1	Balance b/d	8 800	**(1of)**	Jan 1	Balance b/d	50	**(1)**

Note * **(2)** for 100, **(1)** for 180

Esme
Purchases ledger control account

		$				$	
2014				2014			
Dec 31	Purchases rets	1 950	**(1)**	Jan 1	Balance b/d	7 000	**(1)**
	Bank/Cash	59 000	**(1)**	Dec 31	Purchases	63 600	**(1)**
	Discount received	850	**(1)**				
	SLCA/Contra	100	**(1of)**				
	Balance c/d	8 700					
		70 600				70 600	
				2015			
				Jan 1	Balance b/d	8 700	**(1of)**

[18]

(b) Provide total of trade receivables
Check for the arithmetical accuracy of the sales ledger
Reduce fraud
To check for errors or fraud
Provide summary of transactions involving debtors
Enable financial statements to be prepared quickly
Any one for (1) mark **[1]**

(c) Payment before specified date **(1)** **[1]**

[Total: 20]

5 (a)

Elliott
Cash Book

Date	Details	Cash $	Bank $	Date	Details	Cash $	Bank $
2015				2015			
May 1	Capital		12 000 **(1)**	May 31	Rent		3 000 **(1)**
May 31	Sales	2 250 **(1)**	4 200 **(1)**		Purchases		5 000 **(1)**
	Cash		2 000 **(1)**		Drawings		3 600 **(1)**
					Sundry expenses	150 **(1)**	
					Bank	2 000 **(1)**	
					Balance c/d	100	6 600
		2 250	18 200			2 250	18 200
June 1	Balance b/d	100 **(1of)**	6 600 **(1of)**				

[11]

(b) Cost of sales — Purchases 5000 **(1of)** – closing inventory 1100 **(1)** = 3900 **(1of)**
OR (5 × 300) **(1)** + (6 × 400) **(1)** = 3900 **(1of)**

Expenses — Rent 1000 **(1)** + other expenses (150 + 80) **(1)** = 1230 **(1of)**

Profit for the month — Sales 6450 **(1of)** – (3900 + 1230) **(1of)** = 1320 **(1of)** **[9]**

(c)

Elliott
Statement of Financial Position at 31 May 2015

	$	
Non-current assets		
Vehicle	1 800	**(1)**
Current assets		
Inventory	1 100	**(1)**
Other receivable	2 000	**(1)**
Bank	6 600	**(1of)**
Cash	100	**(1of)**
	9 800	
Total assets	11 600	
Capital at 1 May 2015	13 800	**(1)**
Profit	1 320	**(1of)**
	15 120	
Drawings	3 600	**(1)**
Capital at 31 May 2015	11 520	
Current liabilities		
Other payable	80	**(1)**
Total liabilities	11 600	

[9]

(d) Elliott's drawings are greater than his profit **(1)** **[1]**

[Total: 30]

6 (a)

General Stores Limited
Fixtures and fittings account

2014		$		2014		$	
1 Jan	Balance b/d	31 500	**(1)**	1 Mar	Disposal	6 000	**(1)**
1 Mar	Bank	17 400	**(1)**	31 Dec	Balance c/d	42 900	
		48 900				48 900	
2015							
1 Jan	Balance b/d	42 900	**(1of)**				

+1 for dates **[5]**

(b) 42 900 **(1of)** $\times$ 0.3 = $12 870 **(1of)** **[2]**

(c)

General Stores Limited
Income Statement for the year ended 31 December 2014

	$		$	
Revenue			227 000	**(1)**
Inventory 1 January 2014	41 200			
Purchases	129 000			
	170 200			
Inventory 31 December 2014	44 520	**1 for both**		
Cost of sales			125 680	**(1of)**
Gross profit			101 320	**(1of)**
Sales assistants' wages	15 900	}		
Office salaries	12 060	} **(1)**		
Depreciation	12 870	**(1of)**		
Rent	24 000	**(1)**		
Sundry expenses	6 220	**(1)**	71 050	
Profit from operations			30 270	
Interest			15 000	**(1)**
Profit for the year			15 270	**(1of)**

[10]

(d)

General Store Limited
Statement of Changes in Equity for the year ended 31 December 2014

Details	Share capital $	General reserve $	Retained earnings $	Total $	
On 1 January 2014	100 000	20 000	4 810	124 810	
Profit for the year	……….	…….....	15 270	15 270	**(1of)**
Dividend paid	………	………	(10 000)	(10 000)	**(1)**
Transfer to general reserve	………	5 000	(5 000)	–	**(1)**
On 31 December 2014	100 000	25 000	5 080 **(1of)**	130 080 **(1of)**	

[5]

(e) 30 270/227 000 **(1of)** × 100 = 13.33% **(1of)**

OR

15 270 / 227 000 **(1of)** × 100 = 6.73% **(1of)** **[2]**

(f) Neighbouring shop may sell different mix of goods **(1)** with a higher gross profit margin **(1)**.
Neighbouring shop may have different policies **(1)** for instance for depreciation **(1)**.
Illustration with figures e.g. if depreciation rate was 10% then net profit margin would be 3.8% higher **(1)**.
Neighbouring shop controls expenses better **(1)**.
Neighbouring shop may own premises and avoid rent payment **(1)**. Illustration with figures e.g. rent accounts for 10.57% of revenue **(1)**.

If using profit after interest also allow
Neighbouring shop may have more equity/capital **(1)** and not have the interest cost **(1)**.
Illustration with figures e.g. interest amounts to 6.6% of sales **(1)**. **[Max 6]**

(g) Increase selling prices/increase gross profit margin/reduce cost of sales
Reduce expenses/rent cheaper premises
Find cheaper lenders of finance to reduce interest charges
Review depreciation rate – do fixtures only have a life of 3 to 4 years
Turn overdrafts and short term loans into long term loans to reduce interest rate
Any 3 for (1) mark each. **[3]**

[Total: 33]