MARK SCHEME for the May/June 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.

Cambridge is publishing the mark schemes for the May/June 2013 series for most IGCSE, GCE Advanced Level and Advanced Subsidiary Level components and some Ordinary Level components.

1   **(a) A**

   (b) D

   (c) C

   (d) C

   (e) A

   (f) C

   (g) A

   (h) B

   (i) D

   (j) B

   (1) Mark each   **[Total: 10]**

2 (a)

	Capital receipt	Revenue receipt	Capital expenditure	Revenue expenditure
Proceeds of sale of vehicle	✓ (1)			
Purchase of goods for resale				✓ (1)
Discount allowed				✓ (1)
Discount received		✓ (1)		
Legal fees on purchase of property			✓ (1)	

[5]

(b) A   600   × $15 $9000   **(2)**
     B   100   × $11.50 $1150   **(2)**
     C   50   × $15 $750   **(2)**   [6]

(c) Raw materials **(1)**
     Work in progress **(1)**
     Finished goods **(1)**   [3]

(d) Amount in manufacturing account = $8000 × 60% = $4800 **(2)**

     Amount in income statement = $8000 × 40% = $3200 **(2)**

     Amount in balance sheet = $2000 **(1)**   [5]

(e) Trading account   [2]

[Total: 21]

3 (a)

Document	Book of prime entry	
Sales invoice	Sales journal	**(1)**
Credit note	Sales returns journal	**(1)**
Statement of account	No entry	**(2)**

[4]

(b)   Hannah account
                                          $ $

Mar 1 Balance   b/d   200   **(1)**   Mar   12   Returns   64**(1)**
      6 Sales   256   **(1)**   28   Bank/cash   196**(1)**
                                                                  Discount   4**(1)**
                                                          31   Balance   c/d   <u>192</u>
                                          <u>456</u>   <u>456</u>
Apr 1 Balance   b/d   192   **(1) OF**

+ (1) Dates

[7]

(c) Trade discount – Bulk buying (1)
                        Regular customer/encourage repeat custom (1)
                        In the same trade (1)
                        MAX 2

Cash discount – Prompt payment (1)
                        Payment before the due date (1)
                        MAX 2   [4]

[Total: 15]

4 (a)

	Debit	Credit
Opening balance trade receivables	✓ (1)	
Credit sales	✓ (1)	
Sales returns		✓ (1)
Receipts from credit customers		✓ (1)
Discount allowed		✓ (1)
Bad debts		✓(1)
Dishonoured cheques	✓ (1)	
Interest on overdue account	✓ (1)	

[8]

(b) (i) $\dfrac{924}{46\ 200} \times \dfrac{100}{1} = 2\,\%$

[2]

(ii) Increase in value of trade receivables/increase in credit sales
Increase in rate of provision/anticipating higher bad debts
Any 1 reason (2)

[2]

(iii)   Tellwright Ltd
                                            Journal

	Debit $	Credit $	
Income statement	636		(1)
Provision for doubtful debts		636	(1)
Increase in provision for doubtful debts			(1)

[3]

(c) Either
Matching **(1)**
To match the amount of sales for which the business is unlikely to be paid against the sales of the year in which the sale was made **(2)**
Or
Prudence **(1)**
To avoid overstating the profits for the year/anticipate losses but not profits
Or to avoid overstating the trade receivables/current assets **(2)**

[3]

[Total: 18]

5 (a) Economic reasons
Obsolescence/out of date
Depletion
Passage of time
Any 3 reasons (1) each **[3]**

(b)   Machinery account

		$			$
2011			2012		
Jan 1	Bank	27 000**(1)**	July 1	Disposal (A)	9 000**(1)**
			Dec 31	Balance c/d	18 000
		27 000			27 000
2012					
Jan 1	Balance b/d	18 000**(1)OF**			

+ (1) Dates **[4]**

Provision for depreciation of machinery account

		$			$
2011			2011		
Dec 31	Balance c/d	6 000	Dec 31	Income statement	6 000**(1)**
		6 000			6 000
2012			2012		
Jul 1	Disposal (A)	3 000**(1)**	Jan 1	Balance b/d	6 000**(1) OF**
Dec 31	Balance c/d	8 000	Dec 31	Income statement	
				A 1000 **(1)**	
				B & C 4000 **(1)**	5 000
		11 000			11 000
			2013		
			Jan1	Balance b/d	8 000**(1) OF**

+ (1) Dates **[7]**

(c)   Disposal account

		$			$
2012			2012		
July 1	Machinery	9 000 **(1)**	July 1	Prov for Dep	3 000**(1) OF**
				Bank	5 800**(1)**
			Dec 31	Income statement	200**(1) OF**
		9 000			9 000

[4]

[Total: 18]

6 (a)
                              Sukesh
                Statement of Affairs at 31 December 2011
                                $ $ $
Non-current Assets
Vehicle at cost   16 000
Fixtures and fittings at cost   4 000
                                                            20 000(1)

Current Assets
Inventory   9 200
Trade receivables   6 500
Other receivables   200
                                            15 900(1)

Current Liabilities
Trade payables   9 100 }
Bank overdraft   420 }(1)
Loan (1/10 × 10 000)   1 000   (1)   10 520

Net Current assets   5 380
                                                            25 380
Non-current Liabilities
Loan (9/10 × 10 000)   9 000(1)
                                                            16 380

Financed by
Capital
Balance   16 380(1) OF

                                                                        [6]

(b) $
    Opening trade receivables   6 500
    Less Closing trade receivables   4 100
                                              2 400
    Add Sales for the year   52 200 (1)
                                             54 600
    Less Cash from credit customers   54 300 (1)
    Bad debts   300   (1) CF

    Alternative calculations acceptable   [3]

(c) $
    Opening trade payables   9 100
    Less Closing trade payables   9 300
                                              (200)
    Add Purchases for the year   36 000 (1)
                                             35 800
    Less Cash paid to credit suppliers   35 400 (1)
    Discount received   400   (1) CF

    Alternative calculations acceptable   [3]

© Cambridge International Examinations 2013

(d)

<div align="center">

Sukesh

Income Statement for the year ended 31 December 2012

</div>

	$	$
Revenue (52 200 **(1)** + 6200 **(1)**)		58 400
Less Cost of sales		
Opening inventory	9 200 **(1)**	
Purchases (36 000 **(1)** + 900 **(1)**)	36 900	
	46 100	
Less Closing inventory	8 800 **(1)**	37 300
Gross profit		21 100**(1) OF**
Add Discount received		400**(1) OF**
		21 500
Less Loan interest	450 **(1)**	
Rent	6 000	
Insurance (200 **(1)** + 800 **(1)** – 250 **(1)**)	750	
Other running costs	2 500	
Bad debts	300 **(1) OF**	
		10 000
Profit for the year		11 500**(1) OF**

[14]

(e) To spread the cost of the asset over its useful life **(2)**   **[2]**

(f) Bank
Suppliers/creditors
Lenders
Managers
Employees
Potential partners
Tax authorities
Customers/debtors
Competitors
Investors
Trade unions
Potential purchaser of the business
Any 4 acceptable answers (1) each   **[4]**

(g) $\dfrac{37\ 300\ \textbf{(1) OF}}{9\ 000\ \textbf{(1) CF}}$ = 4.14 times **(1) OF**

     [3]

(h) (i) Duarte **(1) OF**

  (ii) Any suitable comment to imply that Duarte's inventory is selling faster

      Answer to be based on OF answer to (g)

      Any one acceptable reason (2)

     [3]

[Total: 38]