CAMBRIDGE INTERNATIONAL EXAMINATIONS

Cambridge International General Certificate of Secondary Education

MARK SCHEME for the October/November 2015 series

0452 ACCOUNTING

0452/11 Paper 1, maximum raw mark 120

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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)** B

(b) A

(c) D

(d) D

(e) B

(f) A

(g) C

(h) B

(i) A

(j) C **(1) each**

[10]

2 **(a)** The book where transactions (and other entries) are first recorded. **(1)** **[1]**

(b) Cash book/petty cash book/sales journal/sales returns journal/purchases journal/purchases returns journal/general journal/returns inwards and returns outwards journals

Any two for **(1)** mark each **[2]**

(c)

	asset	liability	expense
fixtures and fittings	✓		
insurance			✓
bank overdraft		✓	
cash	✓		
trade payable		✓	
wages			✓
accrued electricity		✓	
Increase in provision for doubtful debts			✓
Unpaid commission receivable	✓		

(1) Mark for every two correct **[4]**

(d) Statement of financial position **(1)** **[1]**

Income statement **(1)** **[1]**

(e)

	Debit entry			Credit entry		
		$			$	
1	*Bank account*	*8 000*		*Capital account*	*8 000*	
2	Bank account	2 000	**(1)**	Loan account	2 000	**(1)**
3	(Delivery) Van account/ Motor vehicles account	5 200	**(1)**	A1 Motors account	5 200	**(1)**
4	Purchases account	3 700	**(1)**	Bank account	3 700	**(1)**
5	Rent account	1 000	**(1)**	Bank account	1 000	**(1)**
6	Petty cash/Cash	100	**(1)**	Bank account	100	**(1)**

[10]

(f)

$	$	
8 000		
2 000	10 000	**(1)**
3 700		
1 000		
100	(4 800)	**(1)**
	5 200	**(1)of**

[3]

[Total: 22]

3 **(a)** Raw materials **(1)** work in progress **(1)** finished goods/purchased finished goods **(1)** **[3]**

(b) Lower of cost and net realisable value **(1)** **[1]**

(c)

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

[2]

(d) Business entity **(1)** **[1]**

(e) To check for errors and omissions in his books of account
To check the errors in the bank statement
To identify stale cheques
To identify unpresented cheques
To identify amounts not credited
To calculate the correct bank balance in his cash book
To verify the balance in his cash book
To correct/amend his cash book

Any one for (1) mark **[1]**

(f) A copy of the customer's account as it appears in the books of the bank **(1)** **[1]**

(g) An item in the cash book not in the bank statement

Unpresented cheque/uncredited deposit/book-keeper error
Any one for **(1)** mark

An item in the bank statement not in the cash book.

Bank charges/bank interest/dishonoured cheque/standing order/credit transfer/direct debit/bank error/dishonoured cheque

Any one for **(1)** mark **[2]**

[Total: 11]

4 **(a)** An estimate **(1)** of the amount which will be lost **(1)** when debts go bad **(1)** which reduces the value of trade receivables **(1)**
Max 2 **[2]**

(b)

Samuel
Provision for doubtful debts account

2015		$		2014		$	
30 April	Income statement	70	**(1of)**	1 May	Balance b/d	450	**(1)**
	Balance c/d	380	**(1)**				
		450				450	
				2015 1 May	Balance b/d	380	**(1of)**

+(1) for dates

[5]

(c) Below/after gross profit/after trading account/(on credit side) as other income.
Profit and loss section/(debit side) as an expense **[1of]**

(d) Accruals/matching **(1)**
Prudence **(1)** **[2]**

(e) Trade receivables **(1)**
Capital/profit **(1)** **[2]**

[Total: 12]

5 (a)

	$	
Trade receivables	700	}
Trade payables	(400)	}**(1)**
Inventory	1 100	**(1)**
Equipment at cost	15 700	}
Provision for depreciation of equipment	(4 100)	} **(1)**
Prepaid rent	250	**(1)**
Bank	2 100	**(1)**
Capital	15 350	**(1of)**

[6]

(b)

Nzita
Total trade receivables account

2014		$		2015		$	
Feb 1	Balance b/d	700	**(1)**	Jan 31	Bank/Cash	28 900	**(1)**
2015					Balance c/d	900	
Jan 31	Sales	29 100	**(1of)**				
		29 800				29 800	
2015							
Feb 1	Balance b/d	900	**(1of)**				

Nzita
Total trade payables account

2015		$		2014		$	
Jan 31	Bank/Cash	12 600	**(1)**	Feb 1	Balance b/d	400	**(1)**
	Balance c/d	650		2015			
				Jan 31	Purchases	12 850	**(1of)**
		13 250				13 250	
				2015			
				Feb 1	Balance b/d	650	**(1of)**

[8]

(c)

Nzita
Income Statement for the year ended 31 January 2015

		$		$	
Sales/Revenue				29 100	**(1of)**
Inventory 1 Feb 2014		1 100			
Purchases		12 850	**(1of)**		
		13 950			
Inventory 31 January 2015		1 400	**(1 for both)**		
Cost of sales				12 550	
Gross profit				16 550	**(1of)**
Rent	3100 **(1)** + (250–150) **(1)**	3 200			
Wages		5 200			
Sundry expenses		2 650			
Depreciation of equipment		1 680	**(1)**		
				12 730	
Profit for the year				3 820	**(1of)**

+ 1 for IAS terminology

[9]

(d)

Nzita
Statement of Financial Position (extract) at 31 January 2015

	$	
Capital at 1 Feb 2014	15 350	**(1of)**
Profit for the year	3 820	**(1of)**
	19 170	
Drawings	6 600	**(1)**
Capital at 31 January 2015	12 570	**(1of)**

[4]

(e) 16 550/29 100 **(1of)** × 100 = 56.87% **(1of)** **[2]**

(f) Lower selling prices
Introduction of trade discount
Sales promotions
Higher purchases prices not passed on to customers
Change in mix of goods sold
Higher cost of sales

Any two **(1of)** each **[2]**

[Total: 31]

6 **(a)** Capital **(1)**
Revenue **(1)**
Current **(1)**
Non-current **(1)**
Understated **(1)**
Overstated **(1)** **[6]**

(b)

Error 2 **(1)**	Error of commission **(1)**
Error 4 **(1)**	Error of principle **(1)**

[4]

(c)

Error		Debit $	Credit $
1	Discount allowed Discount received Suspense Correction of misposting of discounts **(1)**	30 **(1)** 30 **(1)**	 60 **(1)**
2	Joanie Yolanda Correction of misposting of receipt of cash **(1)**	85 **(1)**	 85 **(1)**
3	Sales returns Suspense Correction of misposting of sales returns journal total **(1)**	10 **(1)**	 10 **(1)**
4	Stationery Office equipment Correction of revenue expenditure treated as capital expenditure **(1)**	150 **(1)**	 150 **(1)**

[13]

(d) Leroy
Suspense account

2015		$		2015		$	
Sept 30	Balance b/d	70	**(1of)**	Sept 30	Discount allowed and received	60	**(1of)**
					Sales returns	10	**(1of)**
		70				70	

[3]

(e)

	No effect	Increase $	Decrease $	$
Draft profit				5 170
Error 1			60 **(2)**	
Error 2	✓ **(1)**			
Error 3			10 **(2)**	
Error 4			150 **(2)**	
Corrected profit				4 950 **(1)OF**

Marks with figures: **1** for figure, **1** for direction

[8]

[Total: 34]