Cambridge IGCSE

Cambridge International Examinations
Cambridge International General Certificate of Secondary Education

ACCOUNTING **0452/11**

Paper 1 **May/June 2017**

MARK SCHEME

Maximum Mark: 120

Published

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

Question	Answer	Marks
1(a)	A **(1)**	**1**
1(b)	C **(1)**	**1**
1(c)	D **(1)**	**1**
1(d)	C **(1)**	**1**
1(e)	D **(1)**	**1**
1(f)	C **(1)**	**1**
1(g)	D **(1)**	**1**
1(h)	A **(1)**	**1**
1(i)	A **(1)**	**1**
1(j)	B **(1)**	**1**

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(a)</td><td>capital = assets – liabilities (1),
or assets = capital + liabilities (1), or liabilities = assets – capital (1)</td><td>1</td></tr>
<tr><td>2(b)</td><td>asset – something a business owns or which is owed to the business (1) (need all)
liability – something which a business owes to a third party (1)
inventory – goods bought for resale not yet sold (1)</td><td>3</td></tr>
<tr><td>2(c)</td><td>duality (1)</td><td>1</td></tr>
<tr><td>2(d)</td><td><table>
<tr><th></th><th>debit account</th><th>credit account</th></tr>
<tr><td>Taha receives a cheque from Michael, a credit customer</td><td>bank (1)</td><td>Michael (1)</td></tr>
<tr><td>Taha writes off of a debt owed by Zoe</td><td>bad debts (1)</td><td>Zoe (1)</td></tr>
</table></td><td>4</td></tr>
<tr><td>2(e)</td><td>sales (ledger) (1) or Trade receivables (ledger) (1)</td><td>1</td></tr>
<tr><td>2(f)</td><td><table>
<tr><th></th><th>true</th><th>false</th></tr>
<tr><td>it will increase the total of the non-current assets</td><td></td><td>√</td></tr>
<tr><td>it will increase the total of current assets</td><td></td><td>√ (1)</td></tr>
<tr><td>it will decrease cash and bank</td><td></td><td>√ (1)</td></tr>
<tr><td>it will require a credit entry in the provision for doubtful debts account</td><td>√ (1)</td><td></td></tr>
<tr><td>it will have no effect on profit for the year</td><td></td><td>√ (1)</td></tr>
</table></td><td>4</td></tr>
</table>

Question	Answer	Marks
2(g)	Andy Factory Street Invoice no 1001 Toptown Fred Shop Road Toptown 22 May 2017 Quantity Details Unit price Amount $ 20 Standard chair $50 1000 **(1)** 10 Luxury chair $75 **(1)** 750 **(1)** 1750 10% trade discount 175 **(1) OF** 1575 **(1) OF**	**5**
2(h)	$1575 **(1) OF**	**1**
2(i)	credit note **(1)**	**1**
2(j)	Andy's business buys or manufactures goods which it then sells. **(1)** A service business provides a service to its customers or clients. **(1)**	**2**

Question	Answer	Marks
3(a)	Any reasonable comment for **(1)** mark e.g. Because purchases represent costs to the business Purchases are amounts which reduce profit Purchases are amounts paid by the business	1
3(b)	Book of prime (original) entry **(1)**	1
3(c)	Zameer Purchases account Feb 21 Balance b/d \$67 210 **(1)** / 28 Purchases for the week 960 **(1)** / total 68 170 ‖ Feb 28 Income statement \$68 170 **(1) OF** / total 68 170 Rent payable account Feb 21 Balance b/d \$6 600 **(1)** / 25 Bank 1 800 / total 8 400 / Mar 1 Balance b/d 1 200 **(1) OF** ‖ Feb 28 Income statement \$7 200 **(1) OF** / Balance c/d 1 200 **(1)** / total 8 400 **+(1)** for dates	8
3(d)	Revenue **(1)** Revenue **(1)**	2

3(c) detail

Zameer
Purchases account

		$					$	
Feb 21	Balance b/d	67 210	**(1)**	Feb 28	Income statement		68 170	**(1) OF**
28	Purchases for the week	960	**(1)**					
		68 170					68 170	

Rent payable account

		$				$	
Feb 21	Balance b/d	6 600	**(1)**	Feb 28	Income statement	7 200	**(1) OF**
25	Bank	1 800			Balance c/d	1 200	**(1)**
		8 400				8 400	
Mar 1	Balance b/d	1 200	**(1) OF**				

+(1) for dates

Question	Answer	Marks
3(e)	(i) sales commission received rent received interest received any one for **(1)** mark. (ii) capital introduced **proceeds** of sale of non-current asset receipt of loan any one for **(1)** mark	**2**

Question	Answer	Marks
4(a)	at the lower of cost and net realisable value **(1)**	**1**
4(b)	| | $ | | 50×$40 2 000 **(1)** 1870 **(1)**×$60 <u>112 200</u> **(1) OF** total <u>114 200</u> **(1) OF**	**4**
4(c)	$ $ Revenue 114 200 **(1) OF** Inventory at 1 January 2016 2 400 **(1)** Purchases <u>48 000</u> **(1)** 50 400 Inventory at 31 December 2016 <u>4 320</u> **(1)** Cost of sales <u>46 080</u> Gross profit <u>68 120</u> **(1) OF** accept alternative presentation	**5**

Question	Answer	Marks
4(d)	| | $ | $ | | Trade receivables at 1 Jan 2016 | | 7 900 | **(1)** Sales | | 114 200 | **(1) OF** | | 122 100 | Bad debts | 200 **(1)** | | Trade receivables at 31 Dec 2016 | 9 100 **(1)** | 9 300 | Receipts | | 112 800 | **(1) OF** accept alternative presentation	5
4(e)	To apply the matching (accruals) principle **(1)** Because the income statement accounts for sales made during the year **(1)** Because receipts may not arise in the same year as the sale is made **(1)** accept other suitable answers **[maximum 2]**	2
4(f)	cash discount **(1)**	1
4(g)	see table below	3

4(g)

	increase	decrease	no effect
gross profit			√ **(1)**
profit for the year	√ **(1)**		
working capital	√ **(1)**		

Question	Answer	Marks
5(a)	JW Limited Trial Balance at 30 April 2017	**9**

	debit $	credit $	
Gross profit		63 000	**}**
Distribution costs	24 000		**}**
Administrative expenses	16 000		**} (1)**
Interim dividend paid	6 000 **}**		
Debenture interest	3 000 **} (1)**		
Ordinary shares of $1 each		100 000	**}**
General reserve		50 000	**} (1)**
Retained earnings		23 700	**(1) OF**
Equipment at cost	260 000		**}**
Provision for depreciation of equipment		65 000	**} (1)**
Inventory	33 000 **}**		
Trade receivables	14 000 **} (1)**		
Bank		6 800	**}**
Trade payables		17 500	**} (1)**
10% debentures (repayable 2025)		30 000	**(1)**
	356 000	356 000	**(1) OF**

Question	Answer	Marks
5(b)		**4**

	$	
Gross profit	63 000	
Expenses [24 000 + 16 000] **(1)** + 13 000 **(1)**]	53 000	
Debenture interest	3 000	**(1)**
Profit for the year	7 000	**(1) OF**

Question	Answer	Marks
5(c)	JW Limited Statement of Changes in Equity for the year ended 30 April 2017	8

Details	Share capital $	General reserve $	Retained earnings $	Total $
On 1 May 2016	100 000	50 000 **(1)**	23 700 **(1of)**	173 700 **(1) OF**
Interim dividend paid			(6 000) **(1)**	(6 000)
Profit for the year			7 000 **(1of)**	7 000
Transfer to general reserve		10 000 **(1)**	(10 000) **(1)**	0
On 30 April 2017	100 000	60 000	14 700	174 700 **(1) OF row**

Question	Answer	Marks
5(d)	$\dfrac{7\,000\ \textbf{(1 OF)}}{174\,700\ \textbf{(1 OF)}+30\,000\ \textbf{(1)}} \times 100 = 3.42\%$ **(1) OF** **OR** $\dfrac{(7\,000+3\,000)\ \textbf{(1 OF)}}{174\,700\ \textbf{(1 OF)}+30\,000\ \textbf{(1)}} \times 100 = 4.89\%$ **(1) OF**	4
5(e)	mark up applied to goods for resale is lower poorer control of expenses profit is lower higher interest payable poorer utilisation of resources capital used less efficiently capital employed is higher any two for **(1)** mark	2

Question	Answer	Marks
5(f)	increase sale **(1)** reduce cost of sales/find cheaper supplier **(1)** reduce expenses **(1)** reduce interest payments **(1)** reduce capital employed **(1)** reduce loans and debentures **(1)** any three for **(1)** mark	**3**

Question	Answer	Marks
6(a)	Subscriptions paid in advance at the year-end **(1)**	**1**
6(b)	**current assets** cash and cash equivalents/bank — $6120 **(1)** inventory — $710 **(1)** subscriptions in arrears — $980 **(1)** **current liabilities** subscriptions in advance — $395 **(1)**	**4**
6(c)	| | $ | | Sales — 13 610 **}** Purchases — (15 240) **} (1)** Increase in inventory (710 – 440) — 270 **(1)** (1 360) Rent — (1 200) **(1)** Loss — 2 560 **(1) OF** accept alternative formats	**4**

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>6(d)</td><td>
The Hi-Jump
Income and Expenditure Account for the year ended 31 December 2016
<table>
<tr><td></td><td>$</td><td></td><td>$</td><td></td></tr>
<tr><td>Income</td><td></td><td></td><td></td><td></td></tr>
<tr><td>Subscriptions</td><td></td><td></td><td>52 905</td><td>(1)</td></tr>
<tr><td>Less expenditure</td><td></td><td></td><td></td><td></td></tr>
<tr><td>Shop loss</td><td>2 560</td><td>(1) OF</td><td></td><td></td></tr>
<tr><td>Rent</td><td>10 800</td><td>(1)</td><td></td><td></td></tr>
<tr><td>Club expenses</td><td>34 200</td><td>(1)</td><td></td><td></td></tr>
<tr><td>Bad debts</td><td>250</td><td>(1)</td><td></td><td></td></tr>
<tr><td>Depreciation - equipment</td><td><u>2 300</u></td><td>(3) *</td><td><u>50 110</u></td><td></td></tr>
<tr><td>Surplus</td><td></td><td></td><td><u>2 795</u></td><td>(1) OF</td></tr>
</table>
* 17 100 (1)+5 100 (1)–19 900 (1) =2 300
</td><td>9</td></tr>
<tr><td>6(e)</td><td>to provide a service to members
because the club can still make a surplus
because the loss is small in relation to subscriptions
because it encourages members to join this club rather than another one
because the rent would still be payable even if the shop closed
any two reasons for (1) mark each</td><td>2</td></tr>
<tr><td>6(f)</td><td>the surplus would not change (1)
plus development
the shop’s loss would decrease (1)
OR rent in the income and expenditure account would increase (1)
[maximum 2]</td><td>2</td></tr>
</table>