

**CAMBRIDGE INTERNATIONAL EXAMINATIONS**  
International General Certificate of Secondary Education

**MARK SCHEME for the May/June 2013 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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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]

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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]

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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]

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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)  $\frac{924}{46\,200} \times \frac{100}{1} = 2\%$

[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]

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- 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	<u>18 000</u>
		<u>27 000</u>			<u>27 000</u>
2012					
Jan 1	Balance b/d	18 000(1)OF			
<b>+ (1) Dates</b> <span style="float: right;"><b>[4]</b></span>					

		Provision for depreciation of machinery account			
		\$			\$
2011			2011		
Dec 31	Balance c/d	<u>6 000</u>	Dec 31	Income statement	<u>6 000(1)</u>
		<u>6 000</u>			<u>6 000</u>
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	<u>4000 (1)</u>
		<u>11 000</u>			<u>5 000</u>
					<u>11 000</u>
			2013		
			Jan1	Balance b/d	8 000(1) OF
<b>+ (1) Dates</b> <span style="float: right;"><b>[7]</b></span>					

(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	<u>200(1) OF</u>
		<u>9 000</u>			<u>9 000</u>
<b>[4]</b>					

**[Total: 18]**

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6 (a)

Sukesh

## Statement of Affairs at 31 December 2011

	\$	\$	\$
Non-current Assets			
Vehicle at cost			16 000
Fixtures and fittings at cost			<u>4 000</u>
			<b>20 000(1)</b>
Current Assets			
Inventory		9 200	
Trade receivables		6 500	
Other receivables		<u>200</u>	
		<b>15 900(1)</b>	
Current Liabilities			
Trade payables	9 100 }		
Bank overdraft	420 }		
			<b>(1)</b>
Loan (1/10 × 10 000)	<u>1 000</u>	<b>(1)</b>	<u>10 520</u>
Net Current assets			<u>5 380</u>
			<b>25 380</b>
Non-current Liabilities			
Loan (9/10 × 10 000)			<u>9 000(1)</u>
			<b>16 380</b>
Financed by			
Capital			
Balance			<u>16 380(1) OF</u>

[6]

(b)

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

Alternative calculations acceptable

[3]

(c)

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

Alternative calculations acceptable

[3]

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(d)

Sukesh

Income Statement for the year ended 31 December 2012

	\$	\$
Revenue (52 200 (1) + 6200 (1))		58 400
Less Cost of sales		
Opening inventory	9 200 (1)	
Purchases (36 000 (1) + 900 (1))	<u>36 900</u>	
	46 100	
Less Closing inventory	<u>8 800 (1)</u>	<u>37 300</u>
Gross profit		21 100(1) OF
Add Discount received		<u>400(1) OF</u>
		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	<u>300 (1) OF</u>	
Profit for the year		<u>10 000</u> <u>11 500(1) OF</u>

[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)  $\frac{37\,300}{9\,000} = 4.14$  times (1) OF  
(1) OF (1) CF

[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]**