

**CAMBRIDGE INTERNATIONAL EXAMINATIONS**

Cambridge International General Certificate of Secondary Education

**MARK SCHEME for the October/November 2014 series**

**0452 ACCOUNTING**

**0452/12**

Paper 1, maximum raw mark 120

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1 (a) B

(b) C

(c) D

(d) C

(e) C

(f) A

(g) D

(h) A

(i) A

(j) C

(1) each

[10]

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- 2 (a) Capital = assets – liabilities (1)  
OR other acceptable version of formula [1]

(b)

	Debit entry			Credit entry		
1	Bank account	\$ 10 000		Capital account	\$ 10 000	
2	Motor vehicles account	6 500	(1)	Capital account	6 500	(1)
3	Purchases account	2 000	(1)	Zed account	2 000	(1)
4	Rent account	3 000	(1)	Bank account	3 000	(1)

[6]

- (c) Can withdraw more from bank than put in/can have overdraft (1)  
Cannot take more cash than is physically present (1) [2]

(d)

Arun Journal

	Debit \$	Credit \$	
Rupa (account in purchases ledger)	37		(1)
Rupa (account in sales ledger)		37	(1)

[2]

- (e) Save on administration costs (1)  
The debt can be settled by using one cheque only (1) [2]

(f)

Applying the same accounting treatment to similar items at all times	Consistency
Assuming a business will continue to operate indefinitely	Going concern (1)
Expressing transactions in monetary terms	Money measurement (1)

[2]

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(g)

	Debit	Credit
Rent receivable		✓
Sales returns	✓(1)	
Inventory	✓(1)	
Discount allowed	✓(1)	
Provision for depreciation		(1)

[4]

[Total: 19]

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3 (a)

Advertising account			
		\$	\$
2013			2014
Nov 1	Bank/cash	450 (1)	Aug 31
2014			Income Statement
May 1	Bank/cash	620 (1)	Balance c/d
		1070	915 (1)OF
			155 (1)CF
			1070
2014			
Sept 1	Balance b/d	155 (1)OF	

+ (1) dates

[6]

(b)

Book of prime entry	Source document
Sales journal	Sales invoice (1)
Purchases journal	Purchases invoice (1)
Sales returns journal	Credit note issued (1)
Purchases returns journal	Credit note received (1)
Petty cash book	Voucher/receipt (1)
Cash book	Cheque counterfoil/cheque/receipt/paying-in slip (1)

[6]

- (c) Reduces the number of entries in the ledger  
 Acts as an aid for posting to the ledger  
 Helps to gather and summarise accounting information/facilitate preparation of control accounts  
 Groups together similar types of transactions  
 Allows work to be divided between several people

Any 1 reason (2)

[2]

(d)

Account(s) to be debited			Account(s) to be credited		
	\$			\$	
Amber Retail	100	(1)	Sales	187	(1)
Business Supplies	65	(1)			
Custom Print	22	(1)			

[4]

[Total: 18]

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4 (a)

## Journal

	Debit \$	Credit \$	
Sales returns	80		(1)
Purchases returns	80		(1)
Suspense		160	(1)
Motor vehicle expenses	150		(1)
Motor vehicles		150	(1)
Suspense	100		(1)
Purchases		100	(1)
Drawings	55		(1)
Purchase		55	(1)

[9]

(b)

Suspense Account			
	\$		\$
Difference on Trial balance	60	Sales returns	80 (1)
Purchases	100 (1)	Purchase returns	80 (1)
	<u>160</u>		<u>160</u>

[3]

(c) Error of principle (1)

[1]

[Total: 13]

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5 (a)

Sales ledger control account			
		\$	\$
2013			2014
July 1	Balance b/d	4 100 (1)	June 30
2014			Sales returns
June 30	Sales	48 610 (1)	Cash/bank
	Interest	77 (1)	Discount allowed
			Bad debts
			Balance c/d
		<u>52 787</u>	<u>4 920</u>
			<u>52 787</u>
2014			
July 1	Balance b/d	4 920 (1)OF	

Purchases ledger control account			
		\$	\$
2014			2013
June 30	Purchases returns	910 (1)	July 1
	Cash/bank	37 691 (1)	Balance b/d
	Discount received	663 (1)	2014
	Balance c/d	<u>2 998</u>	June 30
		<u>42 262</u>	Purchases
			<u>39 101 (1)</u>
			<u>42 262</u>
			2014
			July 1
			Balance b/d
			2 998 (1)OF

[14]

(b)

	Book of prime entry
Credit sales	Sales journal (1)
Returns of credit purchases	Purchases returns journal (1)
Receipts from credit customers	Cash book (1)
Bad debts written off	Journal (1)
Interest charged on overdue accounts	Journal (1)

[5]

(c)

Provision for doubtful debts account			
		\$	\$
2014			2013
June 30	Balance c/d	246 (1)OF	July 1
	(5%×4920)		Balance b/d
			2014
			June 30
		<u>246</u>	Income statement
			<u>41 (1)OF</u>
			<u>246</u>
			2014
			July 1
			Balance b/d
			246 (1)OF

[4]

(d) The provision was \$246 OF but the actual bad debts were higher. (1)

The provision may not be adequate. (1)

Comment to be based on OF provision in (c)

[2]

[Total: 25]

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- 6 (a) The partnership was making losses  
The drawings exceeded the partners' profit share, interest and salary  
**Any 1 reason (2)**

[2]

(b)

	\$	\$
Fixtures and fittings (100 000 – 10 000)	90 000 (1)	
Delivery van (40 000 – 12 000)	28 000 (1)	
Inventory	56 400 }	
Trade receivables	<u>19 000 } (1)</u>	193 400
Bank	6 600 (1)	
Trade payables	<u>25 400 (1)</u>	<u>32 000</u>
Net assets at 31 December 2013		<u>161 400 (1)CF</u>

[6]

(c)

	\$	\$
Net assets at 31 December 2013		161 400 (1)OF
Add Drawings – Dina	18 000 } (1)	
Lee	<u>17 000 }</u>	<u>35 000</u>
		196 400
Less Net assets 1 January 2013		<u>150 000 (1)</u>
Profit for the year		<u>46 400 (1)OF</u>

[4]

(d)

Dina and Lee		
Appropriation Account for the year ended 31 December 2013		
	\$	\$
Profit for the year		46 400 (1)OF
Less interest on capital: Dina	10 000 (1)	
Lee	<u>6 000 (1)</u>	
	16 000	
Salary: Lee	<u>15 000 (1)</u>	<u>31 000</u>
		15 400
Share of profit: Dina	7 700 (1)OF	
Lee	<u>7 700 (1)OF</u>	<u>15 400</u>

[6]



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(e)

		Current Accounts			
		Dina	Lee		
		\$	\$	Dina	Lee
				\$	\$
2013				2013	
Jan 1	Balance b/d (1)	5 200	4 800	Dec 31	Interest on capital (1)OF 10 000
Dec 31	Drawings (1)	18 000	17 000		Salary (1) 15 000
	Balance c/d		6 900		Share of Profit (1)OF 7 700
					Balance c/d 5 500
		<u>23 200</u>	<u>28 700</u>		<u>23 200</u> <u>28 700</u>
2014				2014	
Jan 1	Balance (1)OF 5 500			Jan 1	Balance b/d (1)OF 6 900

[7]

(f) 1  $(56\,400 + 19\,000) (1) : (6\,600 + 25\,400) (1)$   
 $= 75\,400 : 32\,000$   
 $= 2.36 : 1 (1)OF$

2  $19\,000 (1) : (6\,600 + 25\,400) (1)$   
 $= 19\,000 : 32\,000$   
 $= 0.59 : 1 (1)OF$

[6]

- (g) (i) Holding excessive inventory/increase in inventory (1)  
Reduction in bank balance because of one of the following (1)  
Purchase of non-current assets  
OR increase in partners' drawings  
OR repayment of long term loan

**Answer to be appropriate to ratio calculated in (f) Part 2**

[2]

- (ii) Cannot meet debts when due  
Cannot take advantage of cash discounts  
Cannot take advantage of business opportunities as they arise  
May have difficulty in obtaining further supplies  
**Or other suitable comments based on answer to (f) Part 1**  
**Any 1 comment (2)**

[2]

[Total: 35]