UNIVERSITY OF CAMBRIDGE INTERNATIONAL EXAMINATIONS

International General Certificate of Secondary Education

MARK SCHEME for the October/November 2010 question paper

for the guidance of teachers

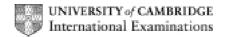## 0452 ACCOUNTING

0452/13   Paper 1, maximum raw mark 120

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UNIVERSITY *of* CAMBRIDGE
International Examinations

1 **(a)** A [1]

(b) C [1]

(c) B [1]

(d) B [1]

(e) A [1]

(f) C [1]

(g) D [1]

(h) D [1]

(i) C [1]

(j) D [1]

[Total: 10]

2 **(a)** (Sales) invoice [1]

(b)

	Capital expenditure	Revenue expenditure
Purchase of shop	✓ **(1)**	
Repairs to shop windows		✓ **(1)**
Purchase of new lock for shop door	✓ **(1)**	

[3]

(c) Balance sheet [1]

(d) The business is expected to continue **(1)** for the foreseeable future **(1)** [2]

(e) Error of principle [1]

(f) 5000 shares **(1)** × $0.25 **(1)** = $1250 [2]

(g) Premium for year = $600
Period 1 July – 30 September is 3 months
Expense = $600 **(1)** / 4 **(1)** = $150 **(1)OF**   [3]

(h) Current assets – current liabilities
$\underline{$15\,000 + 14\,500}$ **(1)** + 16 000 **(1)** – 18 200 **(1)** = $27 300 **(1)**   [4]

(i) Collection period = trade receivables / credit sales × 365 days
= $13 800 **(1)** / $126 000 **(1)**
= 39.97 = 40 **OF (1)** days **(1)**
OF *if Cash + Credit sales*   [4]

[Total: 21]

3 (a)   Summa account

October				October			
8	Purchase returns	100	**(1)**	5	Purchases	320	**(1)**
30	Bank (*not Cash*)	220	**(1)**	29	Purchases	270	**(1)**
31	Balance c/d **OF**	$\underline{270}$	**(1)**			$\underline{350}$	
		590					
				November			
				1	Balance b/d	270 **OF (1)**	

+ (1) for all correct dates   [7]

                         Carter account

October				October			
31	Bank (not Cash)	485	**(1)**	17	Purchases	500	**(1)**
31	Discount	$\underline{15}$	**(2)**			$\underline{500}$	
		500					

+ (1) for all correct dates   [5]

(b) (i) 200 units **(1)** × $2.80 **(1)**   =   560.00   [2]

   (ii) 100 units **(1)** × $3.20 **(1)**   =   320.00
          130 units **(1)** × $3.10 **(1)**   =   403.00
          120 units **(1)** × $2.90 **(1)**   = $\underline{348.00}$
                                          1071.00   [6]

(c) 130 units **(1)** × $3.00 (*NRV*) **(2)** =   390.00
       $\underline{120}$ units **(1)** × $2.90 (*cost*) **(1)** = $\underline{348.00}$
       $\underline{250}$ $\underline{738.00}$

   Allow **2** if 250 × $3.00   [5]

[Total: 25]

4 (a) A trial balance is a list of balances **(1)** on the accounts in the books / ledgers / records **(1)** at a particular date **(1)** used to check the accuracy of accounts. Allow "**check accuracy**" if linked with "**list of balances**". [Max 3]

(b)
Gorman Limited
Income statement (trading and profit and loss account)
Year ended 30 September 2010

	$	$
Revenue (sales)		92 000 **(1)**
Inventory (stock) at 1 October 2009	13 900 **(1)**	
Purchases	70 300 **(1)**	
Carriage inwards	600 **(1)**	
	84 800	
Less: inventory (stock) at 30 Sept 2010	14 300 **(1)**	
Cost of goods sold		70 500
Gross profit		21 500 **OF (1)**
Rent	2 600 } **(1)**	
Electricity	850 }	
Property tax (1500-300)	1 200 **(1)**	
Wages and salaries	5 750 **(1)**	
Repairs and maintenance	1 100 } **(1)**	
Administrative expenses	4 000 }	
Depreciation	1 700 **(1)**	
Bank charges	120 **(1)**	
		17 320
Profit for the year (net profit)		4 180 **OF (1)**	[13]

(c) (i) Prudence, consistency, lower of cost and net realizable value (any one) **(2)**

(ii) Accruals, matching (any one) **(2)** [4]

(d) (Rate of inventory (stock) turnover = cost of goods sold / average stock
= 70 500 **(1)** / (13 900 + 14 300) **(1)** / 2 **(1)**
= 5 **(1)** times **(1)** [5]

(e) Collect receivables, reduce inventory, delay payment of payables, sell Fixed Assets (any one). [2]

[Total: 27]

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Page 5	Mark Scheme: Teachers' version	Syllabus	Paper
	IGCSE – October/November 2010	0452	13

5 (a) (i) Cash discount **(1)**, 3% **(1)** × \$300 **(1)** = \$9.00 [3]
                          (or 3/97 × 291)

   (ii) Trade discount **(1)**, 5% **(1)** × \$2000 **(1)** = \$100.00 [3]
                          (or 5/95 × 1900)

   (b)   Sohara Cash Book
                                September 2010

Date	Details	Discount	Cash	Bank	Date	Details	Discount	Cash	Bank
		\$	\$	\$			\$	\$	\$
1	Balance b/down **(1)**		700	3000					
6	Juno **(1)**	9 **OF (1)**		*291 **(1)**	8	Apollo **(1)**		1900 **(1)**	
9	Minos **(1)**			85 **(1)**	10	Wages **(1)**		350 **(1)**	
10	Sales **(1)**		1850 **(1)**						

         * **OF if \$300 – OF Discount** [12]

   (c) (i) \$300 **(1)** – \$270 **(1)** = \$30 [2]

      (ii) Lost or missing voucher
            Lost or stolen cash
            Error brought forward or in counting cash
            Amount not recorded   (any one) [2]

      (iii) \$300 **(1)** – \$20 **(1)** = \$280 [2]

                                                        [Total: 24]

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Page 6	Mark Scheme: Teachers' version	Syllabus	Paper
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6 **(a)**   Norman – Journal

	$		$	
Office Furniture	1 500	**(1)**		
Inventory (stock)	12 000	**(1)**		
Bank	2 300	**(1)**		
Cash	200	**(1)**		
Capital – Norman		**(1)**	16 000	**(2)**
	3 000	**(1)**		
Bank				
Loan – Peter			3 000	**(1)**

[8]

(b) **(i)** Straight line (fixed instalment) method **(1)**

   (ii) Reducing (diminishing) balance method **(1)**

   Other methods e.g. revaluation method may be accepted.

(c) Straight line method would be preferred **(1)** as furniture has an expected useful life and no
scrap value **(1)** and cost would be fully written off consistently / evenly over the useful life **(1)**. [3]

[Total: 13]