

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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| | | | |
|---------------|--|-----------------|--------------|
| Page 2 | Mark Scheme | Syllabus | Paper |
| | Cambridge IGCSE – October/November 2014 | 0452 | 12 |

1 (a) B

(b) C

(c) D

(d) C

(e) C

(f) A

(g) D

(h) A

(i) A

(j) C

(1) each

[10]

- 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]

| | | | |
|---------------|--|-----------------|--------------|
| Page 4 | Mark Scheme | Syllabus | Paper |
| | Cambridge IGCSE – October/November 2014 | 0452 | 12 |

(g)

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

[4]

[Total: 19]

3 (a)

| | | Advertising account | | | | |
|------|---------------|---------------------|------|---------------------|-------------|--------------|
| | | \$ | | | \$ | |
| 2013 | | | 2014 | | | |
| Nov | 1 Bank/cash | 450 | Aug | 31 Income Statement | 915 | (1)OF |
| 2014 | | | | Balance c/d | 155 | (1)CF |
| May | 1 Bank/cash | 620 | | | | |
| | | <u>1070</u> | | | <u>1070</u> | |
| 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]

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]

| | | | |
|--------|---|----------|-------|
| Page 8 | Mark Scheme | Syllabus | Paper |
| | Cambridge IGCSE – October/November 2014 | 0452 | 12 |

- 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]

(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 | 6 000 |
| Dec 31 | Drawings (1) | 18 000 | 17 000 | | Salary (1) | | 15 000 |
| | Balance c/d | | 6 900 | | Share of Profit (1)OF | 7 700 | 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]