

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

**MARK SCHEME for the October/November 2012 series**

**0452 ACCOUNTING**

**0452/12**

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 Key

(a) C [1]

(b) B [1]

(c) B [1]

(d) C [1]

(e) A [1]

(f) C [1]

(g) D [1]

(h) D [1]

(i) B [1]

(j) A [1]

**[Total 10]**

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- 2 (a) (i) [Sales] invoice [1]  
(ii) Credit note [1]
- (b) Revenue (sales), purchases, carriage inwards, Sales returns, purchase returns, inventory  
*(any two)* [2]
- (c) \$14.00 [1]
- (d) Consistency [1]
- (e) Original Entry [1]
- (f) \$28.00 [1]
- (g) (i) A bad debt is an amount owing/debtor (1) which they are unable or unwilling (1) to pay [2]  
(ii) An estimate (1) of the amount which a business will lose because of bad debts (1) [2]  
(iii)  $3\% \times 48000 = \$1\,440$  (1)  
 $\$1440 - \$1350 = \$90$  (1) [2]
- (h)  $80000 \text{ shares (1)} \times \$0.30 \text{ per share} = \$24000 \text{ OF (1)}$  [2]
- [Total 16]**

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3 (a)

Walek – Cash Book (bank columns)

September	Detail	Dr \$	September	Detail	Cr \$
1	Balance b/d	2 400	14	Wages	250 (1)
3	Lashki	640 (1)	21	Yovell	370 (1)
16	Yovell	370 (1)	28	Wages	280 (1)
30	Sales	3 560 (1)	29	Bruton	1 980 (1)
			30	Balance c/d	4 090
		<u>6 970</u>			<u>6 970</u>
Oct 1	Balance b/d	4 090 (1) OF			

Mark for date, detail and amount.

[8]

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(b) Sales account

		September	\$
		4 Sharon	420 (1)
		27 Bank	3 650 (1)

Do not accept *Cash* or *Sales* for the month

Purchases account

		September	\$
9	Bruton	1 980	(1)

Wages account

		September	\$
14	Bank	250	}
28	Bank	250	}(1)

Lashki account

		September	\$
		3 Bank	640 (1)

Sharon account

		September	\$
4	Sales	420	(1)

Yovell account

		September	\$
21	Bank (dis chq)	370	(1)
		September	\$
		16 Bank	370 (1)

Bruton account

		September	\$
29	Bank	1 980	(1)
		September	\$
		9 Purchases	1 980 (1)

1 mark for date

[11]

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(c) Walek – Bank Reconciliation Statement at 30 September 2012

	\$	
Balance shown on bank statement	2 510	<b>(1)</b>
Add: amounts not yet credited – cash sales	<u>3 560</u>	<b>(1)</b>
	6 070	
Less Cheques not yet presented – Bruton	<u>1 980</u>	<b>(1)</b>
Balance shown in cash book	<u>4 090</u>	<b>(1) OF</b>

*Marks for amounts not narratives*

*Accept statements in reverse order*

[4]

- (d) The bank statement is a copy of the account of the business as it appears in the books of the bank. This is from the viewpoint of the bank **(1)** – the business depositing money is a creditor of the bank. **(1)**

The bank account in the cash book is prepared from the viewpoint of the business **(1)** – the bank is a debtor of the business which has deposited the money **(1)**.

[4]

**[Total: 27]**

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4 (a)

## Mbane - Trial Balance at 31 October 2012

	Dr \$	Cr \$	
Capital		2 600	(1)
Motor Vehicle	4 400		
Purchases	12 400		
Trade payables		3 200	(1)
Revenue		30 800	(1)
Inventory at 1 November 2011	4 500		(1)
General expenses	600		
Cash at bank	5 200		(1)
Motor expenses	860		
Drawings	8 640		
	<u>36 600</u>	<u>36 600</u>	<b>(2) CF</b>

(1) OF for matching totals if arithmetically correct;  
if both stock figures included then once counts as an alien

[7]

(b)

Mbane  
Income statement for the year ended 31 October 2012

Revenue (sales)	\$	\$	
		30 800	(1)
Cost of sales			
Inventory at 1 November 2011	4 500		(1)
Purchases	12 400		(1)
	<u>16 900</u>		
Inventory at 31 October 2012	3 300		(1)
		<u>13 600</u>	
		17 200	<b>(1) OF</b>
Gross profit			
Expenses	600		(1)
General expenses	860		(1)
	<u>1 460</u>		
Profit for the year		<u>15 740</u>	<b>(1) OF</b>

[8]

(c) (i) Working capital = current assets – current liabilities (CA-CL)

[1]

(ii) Working capital = \$ 5 300

[2]

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(d)

	Increase	Decrease	No change
Increased revenue (sales)	✓ (1)		
Increased trade payables		✓ (1)	
Increased motor expenses		✓ (1)	
Reduced drawings	✓ (1)		

[4]

(e) (i) Current Assets : Current Liabilities (CA : CL)

[1]

(ii) 8500 : 3200 (1) = 2.7 : 1 (1) OF

[2]

**[Total: 25]**

5 (a) Straight line, reducing (diminishing) balance, revaluation (any two (1) each)

[2]

(b) (i) Depreciation =  $\frac{\$ 6\,400 - \$ 800}{4 \text{ years}}$  (1) for correct formula

2010 = \$ 1 400 (1) OF

2011 = \$ 1 400 (1) OF if same figure

[3]

(ii) Net book value = \$6400 (1) – \$2800 (1)OF = \$3600

[2]

(c)

		Agricola		Disposal of Tractor Account			
2012		\$		2012		\$	
Jan 1	Tractor	6 400	(1)	Jan 1	Prov for Depr	2 800	(1) OF
					Bank/Cash	2 600	(1)
				Dec 31	Income Statement (Profit/Loss)	1 000	(1) OF

**1 mark for date****Accept P/L and IS for income statement**

[5]

(d) (i) The sale proceeds were less than the net book value (worth)

The expected life might have been shorter than assumed

The expected scrap value was less than assumed

Depreciation should have been higher

Accept a valid *non-accounting reason* (eg: *properly maintain asset*)

[2]

(ii) Increase the rate of depreciation (NOT decrease/lower)

Assume a shorter life

Assume a lower scrap value

Use a different method eg revaluation



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Accept a valid *non-accounting reason* (eg: properly maintain asset) [2]

(e) Agricola  
Journal

		Debit \$	Credit \$	
1	Cattle Feeds Ltd	320		(1)
	Cattle & Co.		320	(1)
	Correction of error – Cattle & Co. wrongly debited			(1)
2	Repairs to Machinery	30		(1)
	Machinery		30	(1)
	Correction of error –repairs to machinery entered in asset account			(1)

[6]

[Total: 22]

6 (a) (i)

	Conrad's supermarket	Congo's shop
Percentage of gross profit to revenue (sales)	= 35.0% (2) Accept 35	= 55.0% (2) Accept 55

[4]

- (ii) Supermarket/Conrad turnover is higher but gross profit percentage lower  
Supermarket prices may be lower than shop/Congo prices  
Different goods have different profit margins  
Customers may be willing to pay higher prices for fresh items  
Supermarket has to carry greater stock

*Any acceptable comment*

**Any one comment (2) based on OF**

[2]

(b) (i)

	Conrad's supermarket	Congo's shop
Percentage of net profit to revenue (sales)	= 12.0% (2) Accept 12	= 36.7% (2) Accept 36.7

[4]

- (ii) Supermarket has higher expenses than shop  
Supermarket pays more rent than shop (or similar examples)  
Shop better at controlling expenses

*Any acceptable comment*

**Any one comment (2) based on OF**

[2]

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(c) (i)

	Conrad's supermarket	Congo's shop
Return on Opening Capital employed	= 15.0% (2) Accept 15	= 35.2% (2) Accept 35.2

[4]

(ii) Supermarket made higher profit for the year on less capital  
Shop made better use of capital employed

*Any acceptable comment*

**Any one comment (2) based on OF**

[2]

(d) May reduce prices (1) so could be selling at a gross loss (1)  
May be selling at a lower profit margin (1) and not covering costs (1)  
May have higher expenses (1) which reduces profit (1)

*Any acceptable comment*

**(1) for identification and (1) for expansion**

[2]

[Total: 20]