Cambridge IGCSE

Cambridge International Examinations
Cambridge International General Certificate of Secondary Education

ACCOUNTING	**0452/12**
Paper 1	**March 2017**
MARK SCHEME	
Maximum Mark: 120	

Published

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CAMBRIDGE
International Examinations

Question	Answer	Marks

Glossary for Q1
(c)   62 = 70 + 10 – 18
       78 = 70 – 10 + 18
 	
(e)   A   120 · 0.85 = 120 – 18
       B   128 – 18
       C   selling price
       D   cost
 	
(g)   A   –200 + 2100 + 50
       B   200 + 2100 – 90
       C   200 + 2100 + 50
       D   200 + 2100 + 90
 	
(i)   A   8000 + 4800 (prime cost)
       B   8000 + 4800 + 4100 – 450
       C   8000 + 4800 + 4100
       D   8000 + 4800 + 4100 + 450
 	
(j)   A   (3000 · ½) – 700 + 400
       B   (3000 · 2/3) – 700 + 400
       C   (3000 · ½) + 700 – 400
       D (3000 · 2/3) + 700 – 400		

1(a)	C **(1)**	**1**
1(b)	A **(1)**	**1**
1(c)	C **(1)**	**1**
1(d)	B **(1)**	**1**
1(e)	A **(1)**	**1**
1(f)	A **(1)**	**1**
1(g)	C **(1)**	**1**
1(h)	B **(1)**	**1**
1(i)	D **(1)**	**1**
1(j)	D **(1)**	**1**

Question	Answer	Marks
2(a)	Person issuing Amitav Person receiving Barry **(1) for both**	1
2(b)	If goods are returned If goods are reported faulty If there has been an overcharge on an invoice Any one reason for **(1)**	1
2(c)	Purchases returns journal **(1)**	1
2(d)	To record business transactions To be able to prepare financial statements To know balances of credit customers and suppliers or bank Any one reason for **(1)**	1
2(e)	Every transaction has a two-fold aspect **(1)**	1
2(f)	An expense account usually has a DEBIT **(1)** balance. At the end of the financial year the cost for the year is transferred to the INCOME STATEMENT **(1).** This transfer is recorded with an entry on the CREDIT **(1)** side of the expense account. Any balance remaining on the account is included in the STATEMENT OF FINANCIAL POSITION. **(1)**	4
2(g)	A financial report must be capable of being understood by the users of that report. **(1)**	1
2(h)	By narrowing areas of difference in financial statements (**1**)	1
2(i)	<table><thead><tr><th>Interested party</th><th>Reason</th></tr></thead><tbody><tr><td>Owner</td><td>To see progress of business</td></tr><tr><td>Government department</td><td>To check on tax payable</td></tr><tr><td>Trade payables</td><td>To check on likelihood of receiving money</td></tr><tr><td>Bank manager</td><td>To decide on whether to give/continue overdraft</td></tr><tr><td>Customer</td><td>To check on viability of business for continued supply of goods</td></tr><tr><td>Potential partner</td><td>To see potential rewards for investment</td></tr><tr><td>Manager</td><td>To see progress of business</td></tr><tr><td>Any **two** for **(1)** each</td><td>Any **two** related reasons for **(1)** each</td></tr></tbody></table>Reasonable alternatives may be rewarded	4

Question	Answer	Marks
3(a)(i)	current assets = 800 + 1300 + 180 + 250 = $2530 **(1)** current liabilities = 830 + 510 = $1340 **(1)** working capital = 2530 – 1340 = $1190 **(1)OF**	**3**
3(a)(ii)	Simran's capital = 1190 + 7200 **(1)** = $8390 **(1)OF**	**2**

3(b) — Marks: **9**

	account debited	$	account credited	$
1	*drawings*	*100*	*cash*	*100*
2	bank	150 **(1)**	cash	150 **(1)**
3	vehicle	2500 **(1)**	capital	2500 **(1)**
4	Neel	50 **(1)**	bank discount received	48 **(1)** 2 **(1)**
5	wages	350 **(1)**	bank	350 **(1)**

Question	Answer	Marks
3(c)(i)	4 **(1)**	**1**
3(c)(ii)	3 **(1)**	**1**
3(c)(iii)	4 **(1)**	**1**
3(d)	item – other payables **(1)** section – current liabilities **(1)**	**2**

3(e) — Marks: **3**

<center>Simran
Cash book (bank column only)</center>

Date	Details	$	Date	Details	$
Feb 1	Balance b/d	180 } **(1)**	Feb 1	Neel	48 } **(1)**
	Cash	150 }		Wages	350 }
	Balance c/d	68			
		398			398
			Feb 2	Balance b/d	68 **(1)OF**

3(f) — Marks: **8**

<center>Simran
Sales ledger control account for February 2017</center>

2017		$	2017		$
Feb 1	Balance b/d	1 300 **(1)**	Feb 28	Bank	5 830 **(1)**
Feb 28	Sales	6 300 **(1)**		Sales returns	190 **(1)**
	Bank	95 **(1)**		Cash	20 **(1)**
				Bad debts	75 **(1)**
				Balance c/d	1 580
		7 695			7 695
Mar 1	Balance b/d	1 580 **(1)OF**			

Question	Answer	Marks
4(a)	<table><tr><td></td><td>debit side</td><td>credit side</td></tr><tr><td>equipment</td><td>✓</td><td></td></tr><tr><td>provision for depreciation of equipment</td><td></td><td>✓ **(1)**for both</td></tr></table>	1
4(b)	<table><tr><td></td><td>vehicle A</td><td>vehicle B</td><td>equipment</td></tr><tr><td></td><td>$</td><td>$</td><td>$</td></tr><tr><td>depreciation charge for the year ended 31 December 2015</td><td>7 500 **(1)**</td><td></td><td>2 800 **(1)**</td></tr><tr><td>net book value at 31 December 2015</td><td>22 500 **(1)**</td><td></td><td>25 200 **(1)**</td></tr><tr><td>depreciation charge for the year ended 31 December 2016</td><td>5 625 **(1)**</td><td>5 000 **(1)**</td><td>4 600 **(1)**</td></tr><tr><td>accumulated depreciation at 31 December 2016</td><td>13 125 **(1)OF**</td><td>5 000 **(1)OF**</td><td>7 400 **(1)OF**</td></tr><tr><td>net book value at 31 December 2016</td><td>16 875 **(1)OF**</td><td>15 000 **(1)OF**</td><td>38 600 **(1)OF**</td></tr></table>	13
4(c)	Sonia Statement of Financial Position (extract) at 31 December 2016 <table><tr><td></td><td>Cost</td><td></td><td>Accumulated depreciation</td><td></td><td>Net book value</td><td></td></tr><tr><td></td><td>$</td><td></td><td>$</td><td></td><td>$</td><td></td></tr><tr><td>Vehicles</td><td>50 000</td><td>(1)</td><td>18 125</td><td>}</td><td>31 875</td><td>}</td></tr><tr><td>Equipment</td><td><u>46 000</u></td><td>(1)</td><td><u>7 400</u></td><td>}(1)OF</td><td><u>38 600</u></td><td>}(1)OF</td></tr><tr><td></td><td><u>96 000</u></td><td></td><td><u>25 525</u></td><td></td><td><u>70 475</u></td><td>(1)OF</td></tr></table>	5
4(d)	Non-current assets **(1)**	1

Question	Answer	Marks

5(a)	**LMN Chess Club**
	Receipts and Payments Account for the year ended 31 December 2016
	
	2016 Receipts $ 2016 Payments $
	Jan 1 Loan 1 000 **(1)** Dec 31 Loan 500 **(1)**
	Dec 31 Subscriptions 4 100 Equipment 2 500
	  Entry fees 1 600 Rent 2 100
	  Coach travel 980 Travel 1 020 **(1)**
	     Trophies and prizes 670 **(1)**
	     Other expenses 450
	     Balance c/d 440
	     7 680 7 680
	2017
	Jan 1 Balance b/d 440 **(1)**
		5

5(b)	**Subscriptions account**
	
	2016 $ 2016 $
	Dec 31 Income and 3 800 **(1)OF** Dec 31 Bank 4 100 **(1)**
	  expenditure
	  account
	  Balance c/d 400 Balance c/d 100
	    4 200 4 200
	2017 2017
	Jan 1 Balance b/d 100 **(1)** Jan 1 Balance b/d 400 **(1)**
	
	+(1) for dates
		5

5(c)	**LMN Chess Club**
	Income and Expenditure Account for the year ended 31 December 2016
	Income $ $
	Subscriptions 3 800 **(1)OF**
	Tournaments [1600 **(1)** – 610 **(1)**] 990
	Surplus on coach travel [980 + 80 **(1)** – 1020 **(1)**] 40
	      4 830
	
	Expenditure
	Depreciation – equipment [2500 – 300 **(1)** / 10] 220 **(1)OF**
	Rent [2100 + 200] 2 300 **(1)**
	Other expenses 450 **(1)**
	      2 970
	Surplus 1 860 **(1)OF**
		10

Question	Answer		Marks
5(d)			**4**

Reason	Example
Only the receipts and payments account contains capital receipts	Loan received
Only the receipts and payments account contains capital expenditure	Equipment Loan repayment
Only the income and expenditure account contains non-cash items	Depreciation
Figures in the income and expenditure account are adjusted for prepayments and accruals	Rent owed Subscriptions in advance Subscriptions in arrears Money owed for coach travel

Any **two** reasons for **(1)** each with a related example for **(1)** each

Question	Answer	Marks
6(a)	<table><tr><td></td><td>$</td><td></td></tr><tr><td>At 1 July 2015</td><td>80 000</td><td>**(1)**</td></tr><tr><td>Profit for the year</td><td>78 600</td><td>**(1)**</td></tr><tr><td>Dividend paid</td><td>(36 000)</td><td>**(1)**</td></tr><tr><td>Transfer to general reserve</td><td>(10 000)</td><td>**(1)**</td></tr><tr><td>At 30 June 2016</td><td>112 600</td><td>**(1)OF**</td></tr></table>	**5**
6(b)	D Limited Statement of Financial Position at 30 June 2016<table><tr><td>Capital and reserves</td><td>$</td><td></td></tr><tr><td>Ordinary shares of $0.50</td><td>200 000</td><td>**(1)**</td></tr><tr><td>Retained earnings</td><td>112 600</td><td>**(1)OF**</td></tr><tr><td>General reserve</td><td>35 000</td><td>**(1)**</td></tr><tr><td></td><td>347 600</td><td>**(1)OF**</td></tr></table>	**4**
6(c)	To distribute profit to shareholders **(1)** **OR** To reward shareholders for their investment **(1)**	**1**
6(d)	Because insufficient cash was available to pay more **(1)** To retain cash/profits for investment in the business **(1)**	**2**
6(e)	$\text{ROCE} = \dfrac{78\,600\ \textbf{(1)}}{347\,600\ \textbf{(1of)} + 100\,000\ \textbf{(1)}} \cdot \dfrac{100}{1} = 17.56\%\ \textbf{(1of)}$	**4**

6(f)	Profit has fallen
	    Selling price has decreased
	    Worse control of expenses
	    Worsening credit control/increased bad debts
	    Poorer control of inventory
	    Capital employed has increased/non-current liability created
	    Any **two** reasonable comments for **(1)** each
		2

Question	Answer	Marks
6(g)	It may not be easy to sell the shares. There will be loss of control by existing shareholders. Dividends payable may increase. If the interest rate is variable interest payable could increase. The company would have to pay interest irrespective of profit made. The bank may require security. Any **three** reasonable comments for **(1)** each	**3**