Cambridge Assessment International Education
Cambridge International General Certificate of Secondary Education

ACCOUNTING **0452/13**

Paper 1 **October/November 2017**

MARK SCHEME

Maximum Mark: 120

Published

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

Question	Answer	Marks
2(a)	The amount owed by the business to the owner. The funds put into the business/contributed by the owner (plus profits net of drawings). Any one for **(1)** mark	**1**
2(b)	(see table below)	**4**
2(c)	Nominal (general) ledger	**1**
2(d)	(Limited) company	**1**
2(e)	Items which a business owns or which are owed to the business are known as ASSETS.	**1**
2(f)	(see table below)	**6**

2(b)

	Principle
A trader withdraws goods for his own use and records this in the drawings account.	Business entity **(1)**
A book-keeper writes off debts which will not be paid to the business.	Prudence/accruals (matching) **(1)**
An accountant does not include staff morale as an asset in the statement of financial position.	Money measurement **(1)**
A business uses the double entry system of book-keeping to record transactions.	Duality **(1)**

2(f)

document	reason for issue	name of person issuing document
invoice	*to record goods sold on credit*	*Jake*
debit note	to ask for reduction in invoice **(1)**	Rashida **(1)**
credit note	to accept request for reduction in invoice **(1)**	Jake **(1)**
statement of account	to summarise transactions for the month **(1)**	Jake **(1)**

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(g)</td><td>
<table>
<tr><td></td><td>True or False</td></tr>
<tr><td>Work in progress may appear in Jake’s manufacturing account.</td><td>True (1)</td></tr>
<tr><td>Prime cost appears in Jake’s income statement.</td><td>False (1)</td></tr>
<tr><td>Jake’s business is a service business.</td><td>False (1)</td></tr>
</table>
</td><td>3</td></tr>
</table>

Question	Answer	Marks
3(a)	A bank statement is a copy of the customer's account as it appears in the books of the bank.	1
3(b)	Kang-Dae Cash book (bank columns only) 2017 | | $ | | 2017 | | $ June 1 Balance b/d 1 310 **(1)** | June 1 Bank charges 60 **(1)** Nigel 540 **(1)** | Rent 1 000 **(1)** Insurance (error) 320 **(1)** | Electricity 400 **(1)** | Balance c/d 710 2 170 | 2 170 June 1 Balance b/d 710 **(1)OF**	7
3(c)	Kang-Dae Bank reconciliation statement at 1 June 2017 $ Balance per cash book **(1)** 710 **(1)OF** Add unpresented cheque 700 **(1)** 1 410 Less uncredited deposit 620 **(1)** Balance per bank statement **(1)** 790 **(1)** OR Kang-Dae Bank reconciliation statement at 1 June 2017 $ Balance per bank statement **(1)** 790 **(1)** Add uncredited deposit 620 **(1)** 1 410 Less unpresented cheque 700 **(1)** Balance per cash book **(1)** 710 **(1)OF**	6

Question	Answer	Marks
3(d)	A loan is of fixed amount but an overdraft is of varying amount. A loan is for a fixed term but an overdraft may be paid back at any time. A loan may require security but an overdraft may be unsecured. A loan may have a fixed rate of interest but an overdraft will have a variable rate. Any two for **(1)** each	**2**
3(e)	Non-current liabilities	**1**

Question	Answer	Marks
4(a)	$\dfrac{(17\,040 - 12\,780)\ \mathbf{(1)}}{42\,600\ \mathbf{(1)}} \times 100 = 10\%$ **(1)OF**	**3**
4(b)	1 May 2015: Cash book **(1)** 1 August 2016: 1 Nominal (general) journal **(1)** 2 Cash book **(1)**	**3**

Question	Answer	Marks
4(c)	(see table below)	**12**

	workings	$
fixtures and fittings at cost on 31 December 2015	42 600 + 12 000	54 600 **(1)**
fixtures and fittings at cost on 31 December 2016	54 600 **(OF)** – 10 000	44 600 **(1)OF**
depreciation charge for the year ended 31 December 2015	(54 600 **(OF)** × 10%) **(1)OF**	5 460 **(1)OF**
accumulated depreciation at 31 December 2015	17 040 + 5 460 **(1)OF**	22 500 **(1)OF**
depreciation charge for the year ended 31 December 2016	(44 600 **(OF)** × 10%) **(1)OF**	4 460 **(1)OF**
accumulated depreciation at 31 December 2016	22 500 **(1)OF** + 4 460 **(1)OF** – 4 000 **(1)**	22 960 **(1)OF**

Question	Answer	Marks
4(d)	debit entry: income statement **(1)**; credit entry: provision for depreciation of fixtures and fittings account **(1)**	**2**

debit entry	credit entry
income statement **(1)**	provision for depreciation of fixtures and fittings account **(1)**

Question	Answer	Marks
4(e)		**2**

debit entry	credit entry
provision for depreciation of fixtures and fittings account **(1)**	disposal account **(1)**

Question	Answer	Marks
4(f)	Reducing (diminishing) balance method **(1)** Annual percentage rate **(1)** is applied to the net book value **(1)** of the asset. **OR** Revaluation method **(1)** The difference between the opening and closing valuations is taken **(1)** and adjusted for any purchases or disposals **(1)**	**3**

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>4(g)</td><td><table><tr><td></td><td>capital expenditure</td><td>revenue expenditure</td></tr><tr><td>cost of vehicle</td><td>✓ (1)</td><td></td></tr><tr><td>number plates</td><td>✓ (1)</td><td></td></tr><tr><td>fuel</td><td></td><td>✓ (1)</td></tr><tr><td>insurance of vehicle</td><td></td><td>✓ (1)</td></tr></table></td><td>4</td></tr>
<tr><td>4(h)</td><td>Capital introduced
Receipt of loan
Proceeds of sale of non-current asset
Any one for (1) mark</td><td>1</td></tr>
</table>

Question	Answer	Marks
5(a)	Satish Suspense account 2017 $ 2017 $ Jun 30 Drawings 2 000 **(1)** Jun 30 Balance b/d 3 900 **(1)** Capital 2 000 **(1)** Purchases 100 **(1)** 4 000 4 000	**4**
5(b)(i)	Satish Statement of correction of gross profit for the year ended 30 June 2017	**8**

	No Effect	Increase $	Decrease $	$
Draft gross profit				*20 000*
Error 1		400 **(2)**		
Error 2			550 **(2)**	
Error 3			100 **(2)**	
Error 4	✓ **(1)**			
		400	650	(250)
Corrected gross profit				19 750 **(1)OF**

*(2 marks) = (1) for right column, and second mark for correct amount

Question	Answer			Marks
5(b)(ii)		$	$	**5**
	Corrected gross profit		19 750 **(1)OF**	
	Rent	6 000		
	Wages	2 800		
	Other operating expenses	4 180 **(2)***		
	Depreciation	1 500 **(1)**	14 480	
	Profit for the year		5 270 **(1)OF**	

*2 marks for all three components, 1 mark for two components

Question	Answer	Marks
5(c)	Satish Statement of Financial Position at 30 June 2017	**10**

	$ Cost	$ Accumulated depreciation	$ Net book value	
Non-current assets				
Fixtures and fittings	12 000 **(1)**	4 500 **(1)**	7 500	
Current assets				
Inventory (4 620 – 550)			4 070	**(1)**
Trade receivables (3 100 + 400)			3 500	**(1)**
			7 570	
Total assets			15 070	
Capital at 1 July 2016			14 200	**(1)**
Capital introduced			2 000	**(1)**
Profit			5 270	**(1)OF**
			21 470	
Drawings			8 900	**(1)**
Capital at 30 June 2017			12 570	
Current liabilities				
Trade payables			1 900	**(1)**
Bank			600	**(1)**
Total liabilities			2 500	
			15 070	

Accept alternative presentation

Question	Answer	Marks
6(a)	A business in which two or more people work together as owners.	**1**
6(b)	Amina and Samara Appropriation Account for the year ended 30 June 2017 | | | $ | $ | | Profit for the year: 17 500 Interest on capital – Amina 5 500 **(1)** – Samara 2 000 **(1)** 7 500 10 000 Share of profit – Amina 6 000 **(1)OF** – Samara 4 000 **(1)OF** 10 000	**4**

Question	Answer	Marks
6(c)	Amina and Samara Capital accounts (see table A below)	3
	Current accounts (see table B below) **Where appropriate mark is for both entries**	5
6(d)	Profit for the year would be lower by the amount of the loan interest. **(1)** Interest on capital would be lower by the interest on the additional capital. **(1)** Shares of profit might be higher or lower depending on rate of loan interest. **(1)** **Max 2**	2

Amina and Samara
Capital accounts

Date	Details	Amina	Samara	Date	Details	Amina	Samara	
		$	$			$	$	
2017 Jun 30	Balance c/d	60 000	20 000	2016 Jul 1	Balance b/d	50 000	20 000	**(1)**
				2017 Jan 1				**(1)**
					Cash	10 000		
		60 000	20 000			60 000	20 000	
				2017 Jul 1	Balance b/d	60 000	20 000	**(1) OF**

Current accounts

Date	Details	Amina	Samara	Date	Details	Amina	Samara	
		$	$			$	$	
2017 Jun 30	Drawings	8 000	12 000 **(1)**	2016 Jul 1	Balance b/d	4 000	3 000	**(1)**
	Balance c/d	7 500		2017 Jun 30	Interest on capital	5 500	2 000	**(1of)**
					Share of profit	6 000	4 000	**(1of)**
					Balance c/d		3 000	
		15 500	12 000			15 500	12 000	
Jul 1	Balance b/d		3 000	Jul 1	Balance b/d	7 500		**(1of)**

Where appropriate mark is for both entries

Question	Answer	Marks
6(e)	Samara has a debit balance on her current account **(1)** which means that she owes funds to the business. **(1)** Samara's drawings are greater than her total allocation of profit, **(1)** which means she is reducing the capital of the business. **(1)** The partnership agreement could be amended **(1)** to introduce a partner's salary/interest on drawings/change in the profit sharing ratio. **(1)** Amina has had to introduce additional capital **(1)** in order to run the day to day business/cover what Samara has taken as drawings. **(1)** One mark for basic point, plus one for development to **max 4**	**4**