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Cambridge International General Certificate of Secondary Education

ACCOUNTING

0452/12

Paper 1

March 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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Cambridge is publishing the mark schemes for the March 2017 series for most Cambridge IGCSE[®], Cambridge International A and AS Level components and some Cambridge O Level components.

Question	Answer	Marks
Glossary for Q1 (c) $62 = 70 + 10 - 18$ $78 = 70 - 10 + 18$ (e) A $120 \times 0.85 = 120 - 18$ 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 $(3000 \times \frac{1}{2}) - 700 + 400$ B $(3000 \times \frac{2}{3}) - 700 + 400$ C $(3000 \times \frac{1}{2}) + 700 - 400$ D $(3000 \times \frac{2}{3}) + 700 - 400$		
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><tr><th>Interested party</th><th>Reason</th></tr><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></table> Reasonable alternatives may be rewarded	Interested party	Reason	Owner	To see progress of business	Government department	To check on tax payable	Trade payables	To check on likelihood of receiving money	Bank manager	To decide on whether to give/continue overdraft	Customer	To check on viability of business for continued supply of goods	Potential partner	To see potential rewards for investment	Manager	To see progress of business	Any two for (1) each	Any two related reasons for (1) each	4
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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)	<table><tr><td></td><td>account debited</td><td>\$</td><td>account credited</td><td>\$</td></tr><tr><td>1</td><td><i>drawings</i></td><td>100</td><td><i>cash</i></td><td>100</td></tr><tr><td>2</td><td>bank</td><td>150 (1)</td><td>cash</td><td>150 (1)</td></tr><tr><td>3</td><td>vehicle</td><td>2500 (1)</td><td>capital</td><td>2500 (1)</td></tr><tr><td>4</td><td>Neel</td><td>50 (1)</td><td>bank discount received</td><td>48 (1) 2 (1)</td></tr><tr><td>5</td><td>wages</td><td>350 (1)</td><td>bank</td><td>350 (1)</td></tr></table>		account debited	\$	account credited	\$	1	<i>drawings</i>	100	<i>cash</i>	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)	9																		
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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)	Simran Cash book (bank column only) <table><tr><td>Date</td><td>Details</td><td>\$</td><td>Date</td><td>Details</td><td>\$</td></tr><tr><td>Feb 1</td><td>Balance b/d</td><td>180 } (1)</td><td>Feb 1</td><td>Neel</td><td>48 } (1)</td></tr><tr><td></td><td>Cash</td><td>150 }</td><td></td><td>Wages</td><td>350 }</td></tr><tr><td></td><td>Balance c/d</td><td>68</td><td></td><td></td><td></td></tr><tr><td></td><td></td><td>398</td><td></td><td></td><td>398</td></tr><tr><td></td><td></td><td></td><td>Feb 2</td><td>Balance b/d</td><td>68 (1)OF</td></tr><tr><td></td><td></td><td></td><td></td><td></td><td></td></tr></table>	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						
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3(f)	Simran Sales ledger control account for February 2017 <table><tr><td>2017</td><td></td><td>\$</td><td>2017</td><td></td><td>\$</td></tr><tr><td>Feb 1</td><td>Balance b/d</td><td>1 300 (1)</td><td>Feb 28</td><td>Bank</td><td>5 830 (1)</td></tr><tr><td>Feb 28</td><td>Sales</td><td>6 300 (1)</td><td></td><td>Sales returns</td><td>190 (1)</td></tr><tr><td></td><td>Bank</td><td>95 (1)</td><td></td><td>Cash</td><td>20 (1)</td></tr><tr><td></td><td></td><td></td><td></td><td>Bad debts</td><td>75 (1)</td></tr><tr><td></td><td></td><td></td><td></td><td>Balance c/d</td><td>1 580</td></tr><tr><td></td><td></td><td><u>7 695</u></td><td></td><td></td><td><u>7 695</u></td></tr><tr><td>Mar 1</td><td>Balance b/d</td><td>1 580 (1)OF</td><td></td><td></td><td></td></tr></table>	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			<u>7 695</u>			<u>7 695</u>	Mar 1	Balance b/d	1 580 (1)OF				8
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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>					debit side	credit side	equipment	✓		provision for depreciation of equipment		✓ (1)for both	1																										
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provision for depreciation of equipment		✓ (1)for both																																						
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>					vehicle A	vehicle B	equipment		\$	\$	\$	depreciation charge for the year ended 31 December 2015	7 500 (1)		2 800 (1)	net book value at 31 December 2015	22 500 (1)		25 200 (1)	depreciation charge for the year ended 31 December 2016	5 625 (1)	5 000 (1)	4 600 (1)	accumulated depreciation at 31 December 2016	13 125 (1)OF	5 000 (1)OF	7 400 (1)OF	net book value at 31 December 2016	16 875 (1)OF	15 000 (1)OF	38 600 (1)OF	13							
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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>					Cost		Accumulated depreciation		Net book value			\$		\$		\$		Vehicles	50 000	(1)	18 125	}	31 875	}	Equipment	<u>46 000</u>	(1)	<u>7 400</u>	}(1)OF	<u>38 600</u>	}(1)OF		<u>96 000</u>		<u>25 525</u>		<u>70 475</u>	(1)OF	5
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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 <table><tr><td>2016</td><td>Receipts</td><td>\$</td><td>2016</td><td>Payments</td><td>\$</td></tr><tr><td>Jan 1</td><td>Loan</td><td>1 000</td><td>Dec 31</td><td>Loan</td><td>500</td></tr><tr><td>Dec 31</td><td>Subscriptions</td><td>4 100</td><td></td><td>Equipment</td><td>2 500</td></tr><tr><td></td><td>Entry fees</td><td>1 600</td><td></td><td>Rent</td><td>2 100</td></tr><tr><td></td><td>Coach travel</td><td>980</td><td></td><td>Travel</td><td>1 020</td></tr><tr><td></td><td></td><td></td><td></td><td>Trophies and prizes</td><td>670</td></tr><tr><td></td><td></td><td></td><td></td><td>Other expenses</td><td>450</td></tr><tr><td></td><td></td><td></td><td></td><td>Balance c/d</td><td>440</td></tr><tr><td></td><td></td><td><u>7 680</u></td><td></td><td></td><td><u>7 680</u></td></tr></table> 2017 <table><tr><td>Jan 1</td><td>Balance b/d</td><td>440</td></tr></table>	2016	Receipts	\$	2016	Payments	\$	Jan 1	Loan	1 000	Dec 31	Loan	500	Dec 31	Subscriptions	4 100		Equipment	2 500		Entry fees	1 600		Rent	2 100		Coach travel	980		Travel	1 020					Trophies and prizes	670					Other expenses	450					Balance c/d	440			<u>7 680</u>			<u>7 680</u>	Jan 1	Balance b/d	440	5
2016	Receipts	\$	2016	Payments	\$																																																						
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5(b)	Subscriptions account <table><tr><td>2016</td><td>\$</td><td>2016</td><td>\$</td></tr><tr><td>Dec 31</td><td>Income and expenditure account</td><td>3 800</td><td>Dec 31</td><td>Bank</td><td>4 100</td></tr><tr><td></td><td>Balance c/d</td><td>400</td><td></td><td>Balance c/d</td><td>100</td></tr><tr><td></td><td></td><td><u>4 200</u></td><td></td><td></td><td><u>4 200</u></td></tr></table> 2017 <table><tr><td>Jan 1</td><td>Balance b/d</td><td>100</td></tr></table> +(1) for dates	2016	\$	2016	\$	Dec 31	Income and expenditure account	3 800	Dec 31	Bank	4 100		Balance c/d	400		Balance c/d	100			<u>4 200</u>			<u>4 200</u>	Jan 1	Balance b/d	100	5																																
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5(c)	LMN Chess Club Income and Expenditure Account for the year ended 31 December 2016 <table><tr><td>Income</td><td>\$</td><td>\$</td></tr><tr><td>Subscriptions</td><td></td><td>3 800</td></tr><tr><td>Tournaments [1 600 (1) – 610 (1)]</td><td></td><td>990</td></tr><tr><td>Surplus on coach travel [980 + 80 (1) – 1 020 (1)]</td><td></td><td><u>40</u></td></tr><tr><td></td><td></td><td>4 830</td></tr><tr><td>Expenditure</td><td></td><td></td></tr><tr><td>Depreciation – equipment [2 500 – 300 (1) / 10]</td><td>220</td><td></td></tr><tr><td>Rent [2 100 + 200]</td><td>2 300</td><td></td></tr><tr><td>Other expenses</td><td><u>450</u></td><td></td></tr><tr><td></td><td></td><td><u>2 970</u></td></tr><tr><td>Surplus</td><td></td><td><u>1 860</u></td></tr></table>	Income	\$	\$	Subscriptions		3 800	Tournaments [1 600 (1) – 610 (1)]		990	Surplus on coach travel [980 + 80 (1) – 1 020 (1)]		<u>40</u>			4 830	Expenditure			Depreciation – equipment [2 500 – 300 (1) / 10]	220		Rent [2 100 + 200]	2 300		Other expenses	<u>450</u>				<u>2 970</u>	Surplus		<u>1 860</u>	10																								
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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><u>(10 000)</u></td><td>(1)</td></tr> <tr><td>At 30 June 2016</td><td><u>112 600</u></td><td>(1)OF</td></tr> </table>		\$		At 1 July 2015	80 000	(1)	Profit for the year	78 600	(1)	Dividend paid	(36 000)	(1)	Transfer to general reserve	<u>(10 000)</u>	(1)	At 30 June 2016	<u>112 600</u>	(1)OF	5
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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><u>35 000</u></td><td>(1)</td></tr> <tr><td></td><td><u>347 600</u></td><td>(1)OF</td></tr> </table>	Capital and reserves	\$		Ordinary shares of \$0.50	200 000	(1)	Retained earnings	112 600	(1)OF	General reserve	<u>35 000</u>	(1)		<u>347 600</u>	(1)OF	4			
Capital and reserves	\$																			
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General reserve	<u>35 000</u>	(1)																		
	<u>347 600</u>	(1)OF																		
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)	$\text{ROCE} = \frac{78\,600 \text{ (1)}}{347\,600 \text{ (1of)} + 100\,000 \text{ (1)}} \times \frac{100}{1} = 17.56\% \text{ (1of)}$	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