Cambridge International Examinations
Cambridge International General Certificate of Secondary Education

ACCOUNTING **0452/11**

Paper 1 **May/June 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.

Cambridge will not enter into discussions about these mark schemes.

Cambridge is publishing the mark schemes for the May/June 2017 series for most Cambridge IGCSE®, Cambridge International A and AS Level and Cambridge Pre-U components, and some Cambridge O Level components.

® IGCSE is a registered trademark.

© UCLES 2017

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

© UCLES 2017

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(a)</td><td>capital = assets – liabilities (1),
or assets = capital + liabilities (1), or liabilities = assets – capital (1)</td><td>1</td></tr>
<tr><td>2(b)</td><td>asset – something a business owns or which is owed to the business (1) (need all)
liability – something which a business owes to a third party (1)
inventory – goods bought for resale not yet sold (1)</td><td>3</td></tr>
<tr><td>2(c)</td><td>duality (1)</td><td>1</td></tr>
<tr><td>2(d)</td><td><table><tr><th></th><th>debit account</th><th>credit account</th></tr><tr><td>Taha receives a cheque from Michael, a credit customer</td><td>bank (1)</td><td>Michael (1)</td></tr><tr><td>Taha writes off of a debt owed by Zoe</td><td>bad debts (1)</td><td>Zoe (1)</td></tr></table></td><td>4</td></tr>
<tr><td>2(e)</td><td>sales (ledger) (1) or Trade receivables (ledger) (1)</td><td>1</td></tr>
<tr><td>2(f)</td><td><table><tr><th></th><th>true</th><th>false</th></tr><tr><td>it will increase the total of the non-current assets</td><td></td><td>√</td></tr><tr><td>it will increase the total of current assets</td><td></td><td>√ (1)</td></tr><tr><td>it will decrease cash and bank</td><td></td><td>√ (1)</td></tr><tr><td>it will require a credit entry in the provision for doubtful debts account</td><td>√ (1)</td><td></td></tr><tr><td>it will have no effect on profit for the year</td><td></td><td>√ (1)</td></tr></table></td><td>4</td></tr>
</table>

© UCLES 2017

Question	Answer	Marks
2(g)	Andy Factory Street Toptown Invoice no 1001 Fred Shop Road Toptown 22 May 2017 Quantity / Details / Unit price / Amount $ 20 Standard chair $50 1000 **(1)** 10 Luxury chair $75 **(1)** 750 **(1)** 1750 10% trade discount 175 **(1) OF** 1575 **(1) OF**	**5**
2(h)	$1575 **(1) OF**	**1**
2(i)	credit note **(1)**	**1**
2(j)	Andy's business buys or manufactures goods which it then sells. **(1)** A service business provides a service to its customers or clients. **(1)**	**2**

Question	Answer	Marks
3(a)	Any reasonable comment for **(1)** mark e.g. Because purchases represent costs to the business Purchases are amounts which reduce profit Purchases are amounts paid by the business	**1**
3(b)	Book of prime (original) entry **(1)**	**1**
3(c)	Zameer Purchases account Feb 21 Balance b/d $67 210 **(1)** — Feb 28 Income statement $68 170 **(1) OF** 28 Purchases for the week $960 **(1)** $68 170 — $68 170 Rent payable account Feb 21 Balance b/d $6 600 **(1)** — Feb 28 Income statement $7 200 **(1) OF** 25 Bank $1 800 — Balance c/d $1 200 **(1)** $8 400 — $8 400 Mar 1 Balance b/d $1 200 **(1) OF** **+(1)** for dates	**8**
3(d)	Revenue **(1)** Revenue **(1)**	**2**

Question	Answer	Marks
3(e)	(i) sales commission received rent received interest received any one for **(1)** mark. (ii) capital introduced **proceeds** of sale of non-current asset receipt of loan any one for **(1)** mark	**2**

Question	Answer	Marks
4(a)	at the lower of cost and net realisable value **(1)**	**1**
4(b)	$50 \times \$40$ = \$2 000 **(1)** 1870 **(1)** $\times \$60$ = \$112 200 **(1) OF** total = \$114 200 **(1) OF**	**4**
4(c)	Revenue \$114 200 **(1) OF** Inventory at 1 January 2016 \$2 400 **(1)** Purchases \$48 000 **(1)** \$50 400 Inventory at 31 December 2016 \$4 320 **(1)** Cost of sales \$46 080 Gross profit \$68 120 **(1) OF** accept alternative presentation	**5**

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>4(d)</td><td>
<table>
<tr><td></td><td>$</td><td></td><td>$</td><td></td></tr>
<tr><td>Trade receivables at 1 Jan 2016</td><td></td><td></td><td>7 900</td><td>(1)</td></tr>
<tr><td>Sales</td><td></td><td></td><td>114 200</td><td>(1) OF</td></tr>
<tr><td></td><td></td><td></td><td>122 100</td><td></td></tr>
<tr><td>Bad debts</td><td>200</td><td>(1)</td><td></td><td></td></tr>
<tr><td>Trade receivables at 31 Dec 2016</td><td>9 100</td><td>(1)</td><td>9 300</td><td></td></tr>
<tr><td>Receipts</td><td></td><td></td><td>112 800</td><td>(1) OF</td></tr>
</table>
accept alternative presentation</td><td>5</td></tr>
<tr><td>4(e)</td><td>To apply the matching (accruals) principle (1)
Because the income statement accounts for sales made during the year (1)
Because receipts may not arise in the same year as the sale is made (1)
accept other suitable answers [maximum 2]</td><td>2</td></tr>
<tr><td>4(f)</td><td>cash discount (1)</td><td>1</td></tr>
<tr><td>4(g)</td><td>
<table>
<tr><td></td><td>increase</td><td>decrease</td><td>no effect</td></tr>
<tr><td>gross profit</td><td></td><td></td><td>√ (1)</td></tr>
<tr><td>profit for the year</td><td>√ (1)</td><td></td><td></td></tr>
<tr><td>working capital</td><td>√ (1)</td><td></td><td></td></tr>
</table>
</td><td>3</td></tr>
</table>

Question	Answer	Marks
5(a)	JW Limited Trial Balance at 30 April 2017 debit / credit $ / $ Gross profit — 63 000 **}** Distribution costs — 24 000 **}** Administrative expenses — 16 000 **} (1)** Interim dividend paid — 6 000 **}** Debenture interest — 3 000 **} (1)** Ordinary shares of $1 each — 100 000 **}** General reserve — 50 000 **} (1)** Retained earnings — 23 700 **(1) OF** Equipment at cost — 260 000 **}** Provision for depreciation of equipment — 65 000 **} (1)** Inventory — 33 000 **}** Trade receivables — 14 000 **} (1)** Bank — 6 800 **}** Trade payables — 17 500 **} (1)** 10% debentures (repayable 2025) — 30 000 **(1)** 356 000 — 356 000 **(1) OF**	**9**
5(b)	$ Gross profit — 63 000 Expenses [24 000 + 16 000] **(1)** + 13 000 **(1)]** — 53 000 Debenture interest — 3 000 **(1)** Profit for the year — 7 000 **(1) OF**	**4**

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>5(c)</td><td>JW Limited
Statement of Changes in Equity for the year ended 30 April 2017
<table>
<tr><th>Details</th><th>Share capital
$</th><th>General reserve
$</th><th>Retained earnings
$</th><th>Total
$</th></tr>
<tr><td>On 1 May 2016</td><td>100 000</td><td>50 000 (1)</td><td>23 700 (1of)</td><td>173 700 (1) OF</td></tr>
<tr><td>Interim dividend paid</td><td></td><td></td><td>(6 000) (1)</td><td>(6 000)</td></tr>
<tr><td>Profit for the year</td><td></td><td></td><td>7 000 (1of)</td><td>7 000</td></tr>
<tr><td>Transfer to general reserve</td><td></td><td>10 000 (1)</td><td>(10 000) (1)</td><td>0</td></tr>
<tr><td>On 30 April 2017</td><td>100 000</td><td>60 000</td><td>14 700</td><td>174 700
(1) OF row</td></tr>
<tr><td></td><td></td><td></td><td></td><td></td></tr>
</table></td><td>8</td></tr>
<tr><td>5(d)</td><td>$\frac{\text{7 000 (1 OF)}}{\text{174 700 (1 OF)+30 000 (1)}} \times 100 = 3.42\%$ (1) OF
OR
$\frac{\text{(7 000+3 000) (1 OF)}}{\text{174 700 (1 OF)+30 000 (1)}} \times 100 = 4.89\%$ (1) OF</td><td>4</td></tr>
<tr><td>5(e)</td><td>mark up applied to goods for resale is lower
poorer control of expenses
profit is lower
higher interest payable
poorer utilisation of resources
capital used less efficiently
capital employed is higher
any two for (1) mark</td><td>2</td></tr>
</table>

Question	Answer	Marks
5(f)	increase sale **(1)** reduce cost of sales/find cheaper supplier **(1)** reduce expenses **(1)** reduce interest payments **(1)** reduce capital employed **(1)** reduce loans and debentures **(1)** any three for **(1)** mark	**3**

Question	Answer	Marks
6(a)	Subscriptions paid in advance at the year-end **(1)**	**1**
6(b)	current assets cash and cash equivalents/bank $6120 **(1)** inventory $710 **(1)** subscriptions in arrears $980 **(1)** current liabilities subscriptions in advance $395 **(1)**	**4**
6(c)	$ Sales 13 610 **}** Purchases (15 240) **} (1)** Increase in inventory (710 – 440) 270 **(1)** (1 360) Rent (1 200) **(1)** Loss 2 560 **(1) OF** accept alternative formats	**4**

Question	Answer	Marks
6(d)	The Hi-Jump Income and Expenditure Account for the year ended 31 December 2016 $ $ Income Subscriptions 52 905 **(1)** Less expenditure Shop loss 2 560 **(1) OF** Rent 10 800 **(1)** Club expenses 34 200 **(1)** Bad debts 250 **(1)** Depreciation - equipment 2 300 **(3) *** 50 110 Surplus 2 795 **(1) OF** * 17 100 **(1)**+5 100 **(1)**–19 900 **(1)** =2 300	**9**
6(e)	to provide a service to members because the club can still make a surplus because the loss is small in relation to subscriptions because it encourages members to join this club rather than another one because the rent would still be payable even if the shop closed any two reasons for **(1)** mark each	**2**
6(f)	the surplus would not change **(1)** plus development the shop's loss would decrease **(1)** OR rent in the income and expenditure account would increase **(1)** **[maximum 2]**	**2**