



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

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)	<table><tr><td></td><td>Principle</td></tr><tr><td>A trader withdraws goods for his own use and records this in the drawings account.</td><td>Business entity (1)</td></tr><tr><td>A book-keeper writes off debts which will not be paid to the business.</td><td>Prudence/accruals (matching) (1)</td></tr><tr><td>An accountant does not include staff morale as an asset in the statement of financial position.</td><td>Money measurement (1)</td></tr><tr><td>A business uses the double entry system of book-keeping to record transactions.</td><td>Duality (1)</td></tr></table>				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)	4					
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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)	<table><tr><td>document</td><td>reason for issue</td><td>name of person issuing document</td></tr><tr><td>invoice</td><td><i>to record goods sold on credit</i></td><td><i>Jake</i></td></tr><tr><td>debit note</td><td>to ask for reduction in invoice (1)</td><td>Rashida (1)</td></tr><tr><td>credit note</td><td>to accept request for reduction in invoice (1)</td><td>Jake (1)</td></tr><tr><td>statement of account</td><td>to summarise transactions for the month (1)</td><td>Jake (1)</td></tr></table>			document	reason for issue	name of person issuing document	invoice	<i>to record goods sold on credit</i>	<i>Jake</i>	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)	6
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Question	Answer		Marks
2(g)		True or False	3
	Work in progress may appear in Jake's manufacturing account.	True (1)	
	Prime cost appears in Jake's income statement.	False (1)	
	Jake's business is a service business.	False (1)	

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) <table><tr><td>2017</td><td></td><td>\$</td><td></td><td>2017</td><td></td><td>\$</td><td></td></tr><tr><td>June 1</td><td>Balance b/d</td><td>1 310</td><td>(1)</td><td>June 1</td><td>Bank charges</td><td>60</td><td>(1)</td></tr><tr><td></td><td>Nigel</td><td>540</td><td>(1)</td><td></td><td>Rent</td><td>1 000</td><td>(1)</td></tr><tr><td></td><td>Insurance (error)</td><td>320</td><td>(1)</td><td></td><td>Electricity</td><td>400</td><td>(1)</td></tr><tr><td></td><td></td><td></td><td></td><td></td><td>Balance c/d</td><td>710</td><td></td></tr><tr><td></td><td></td><td><u>2 170</u></td><td></td><td></td><td></td><td><u>2 170</u></td><td></td></tr><tr><td>June 1</td><td>Balance b/d</td><td>710</td><td>(1)OF</td><td></td><td></td><td></td><td></td></tr></table>	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				<u>2 170</u>				<u>2 170</u>		June 1	Balance b/d	710	(1)OF					7
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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)	$\frac{(17\,040 - 12\,780)}{42\,600} \times 100 = 10\%$ (1) (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)		workings	\$	12
	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	
4(d)	debit entry	credit entry		2
	income statement (1)	provision for depreciation of fixtures and fittings account (1)		
4(e)	debit entry	credit entry		2
	provision for depreciation of fixtures and fittings account (1)	disposal account (1)		
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

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

Question	Answer	Marks																																								
5(a)	Satish Suspense account 2017 Jun 30 Drawings Capital \$ 2 000 (1) 2 000 (1) 4 000 2017 Jun 30 Balance b/d Purchases \$ 3 900 (1) 100 (1) 4 000	4																																								
5(b)(i)	Satish Statement of correction of gross profit for the year ended 30 June 2017 <table><tr><th></th><th>No Effect</th><th>Increase \$</th><th>Decrease \$</th><th>\$</th></tr><tr><td>Draft gross profit</td><td></td><td></td><td></td><td>20 000</td></tr><tr><td>Error 1</td><td></td><td>400 (2)</td><td></td><td></td></tr><tr><td>Error 2</td><td></td><td></td><td>550 (2)</td><td></td></tr><tr><td>Error 3</td><td></td><td></td><td>100 (2)</td><td></td></tr><tr><td>Error 4</td><td>✓ (1)</td><td></td><td></td><td></td></tr><tr><td></td><td></td><td>400</td><td>650</td><td>(250)</td></tr><tr><td>Corrected gross profit</td><td></td><td></td><td></td><td>19 750 (1)OF</td></tr></table> *(2 marks) = (1) for right column, and second mark for correct amount		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	8
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5(b)(ii)	\$ Corrected gross profit Rent Wages Other operating expenses Depreciation Profit for the year \$ 19 750 (1)OF 6 000 2 800 4 180 (2)* 1 500 (1) 14 480 5 270 (1)OF *(2 marks for all three components, 1 mark for two components)	5																																								

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5(c)	Satish Statement of Financial Position at 30 June 2017 <table><thead><tr><th></th><th>\$</th><th>\$</th><th>\$</th></tr><tr><th></th><th>Cost</th><th>Accumulated depreciation</th><th>Net book value</th></tr></thead><tbody><tr><td>Non-current assets</td><td></td><td></td><td></td></tr><tr><td>Fixtures and fittings</td><td><u>12 000</u> (1)</td><td><u>4 500</u> (1)</td><td><u>7 500</u></td></tr><tr><td>Current assets</td><td></td><td></td><td></td></tr><tr><td>Inventory (4 620 – 550)</td><td></td><td></td><td>4 070 (1)</td></tr><tr><td>Trade receivables (3 100 + 400)</td><td></td><td></td><td><u>3 500</u> (1)</td></tr><tr><td></td><td></td><td></td><td><u>7 570</u></td></tr><tr><td>Total assets</td><td></td><td></td><td><u>15 070</u></td></tr><tr><td>Capital at 1 July 2016</td><td></td><td></td><td>14 200 (1)</td></tr><tr><td>Capital introduced</td><td></td><td></td><td>2 000 (1)</td></tr><tr><td>Profit</td><td></td><td></td><td><u>5 270</u> (1)OF</td></tr><tr><td></td><td></td><td></td><td>21 470</td></tr><tr><td>Drawings</td><td></td><td></td><td><u>8 900</u> (1)</td></tr><tr><td>Capital at 30 June 2017</td><td></td><td></td><td><u>12 570</u></td></tr><tr><td>Current liabilities</td><td></td><td></td><td></td></tr><tr><td>Trade payables</td><td></td><td></td><td>1 900 (1)</td></tr><tr><td>Bank</td><td></td><td></td><td><u>600</u> (1)</td></tr><tr><td>Total liabilities</td><td></td><td></td><td><u>2 500</u></td></tr><tr><td></td><td></td><td></td><td><u>15 070</u></td></tr></tbody></table> Accept alternative presentation		\$	\$	\$		Cost	Accumulated depreciation	Net book value	Non-current assets				Fixtures and fittings	<u>12 000</u> (1)	<u>4 500</u> (1)	<u>7 500</u>	Current assets				Inventory (4 620 – 550)			4 070 (1)	Trade receivables (3 100 + 400)			<u>3 500</u> (1)				<u>7 570</u>	Total assets			<u>15 070</u>	Capital at 1 July 2016			14 200 (1)	Capital introduced			2 000 (1)	Profit			<u>5 270</u> (1)OF				21 470	Drawings			<u>8 900</u> (1)	Capital at 30 June 2017			<u>12 570</u>	Current liabilities				Trade payables			1 900 (1)	Bank			<u>600</u> (1)	Total liabilities			<u>2 500</u>				<u>15 070</u>	10
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6(b)	Amina and Samara Appropriation Account for the year ended 30 June 2017 <table><tr><td></td><td></td><td>\$</td><td></td><td>\$</td><td></td></tr><tr><td>Profit for the year</td><td></td><td></td><td></td><td>17 500</td><td></td></tr><tr><td>Interest on capital</td><td>– Amina</td><td>5 500</td><td></td><td></td><td>(1)</td></tr><tr><td></td><td>– Samara</td><td><u>2 000</u></td><td></td><td></td><td>(1)</td></tr><tr><td></td><td></td><td></td><td></td><td>7 500</td><td></td></tr><tr><td></td><td></td><td></td><td></td><td><u>10 000</u></td><td></td></tr><tr><td>Share of profit</td><td>– Amina</td><td>6 000</td><td></td><td></td><td>(1)OF</td></tr><tr><td></td><td>– Samara</td><td><u>4 000</u></td><td></td><td></td><td>(1)OF</td></tr><tr><td></td><td></td><td></td><td></td><td><u>10 000</u></td><td></td></tr></table>			\$		\$		Profit for the year				17 500		Interest on capital	– Amina	5 500			(1)		– Samara	<u>2 000</u>			(1)					7 500						<u>10 000</u>		Share of profit	– Amina	6 000			(1)OF		– Samara	<u>4 000</u>			(1)OF					<u>10 000</u>		4
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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																																																															

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