**MARK SCHEME for the October/November 2010 question paper**

**for the guidance of teachers**

# 0452 ACCOUNTING

0452/12          Paper 1, maximum raw mark 120

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 must be read in conjunction with the question papers and the report on the examination.

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**1** **(a)** D [1]

**(b)** B [1]

**(c)** B [1]

**(d)** A [1]

**(e)** C [1]

**(f)** D [1]

**(g)** D [1]

**(h)** C [1]

**(i)** B [1]

**(j)** A [1]

[Total: 10]

**2** **(a)** [Sales] invoice      ) but only 1 mark for "invoice"
   [Purchase] invoice   )
   Credit note
   Debit note
   Cheque, receipt
   Petty cash voucher

   *NOT: statement, bank statement, cash book, journals, day books*
   any two, 1 mark each [2]

**(b)**

|                                                | Income   | Expense  |
|------------------------------------------------|----------|----------|
| Bad debt recovered                             | ✓ (1)    |          |
| Interest charged to customers on overdue accounts | ✓ (1) |          |
| Discount allowed                               |          | ✓ (1)    |

[3]

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**(c)**

| Debit | Credit |
|---|---|
| ✓ (1) | |

**(d)** Reliability / reliable [1]

**(e)** Commission [1]

**(f)** A shareholder's liability for a company's debts is limited to the amount they have paid for their shares. [2]
*Accept: shareholder's assets are not available to pay company debts/losses*

**(g)** 50 dresses bought, 30 sold, 20 remaining
Cost $13.00, carriage inwards $1.00 each, total $14.00
Net realisable value $13.50

Value in balance sheet 20 **(1)** × $13.50 **(1)** = $270 **(1)** [3]
*Correct figures only, not OF total*

**(h) (i)** $150.00 – $80.50 = $69.50 **(2)**

**(ii)** $80.50 **(2)** [4]

**(i)** Rate of stock turnover = Cost of goods sold / Average stock
= 45 000 **(1)** / (6000 + 9000) **(1)** / 2 **(1)**
= 6 times **(1)**OF [4]
Or: = Average stock / Cost of goods sold × 365
= ( (6000 + 9000) **(1)** / 2 **(1)** ) / 45 000 **(1)** × 365
= 60.83 days **(1)**OF [4]
Accept 61 or 60 days

*Note: calculation mark may be awarded if "times" or "days" not stated but not if any other description shown e.g. %*

**[Total: 21]**

**3 (a)** Items on bank statement not shown in cash book
(*accept individual items, bank charges, bank interest, etc.*)
Items in cash book not on bank statement
(*accept individual items, cheques not yet presented, etc.*)
Errors in cash book or made by bank (*accept only one type of error*)
Dishonoured cheques
any two, 2 marks each [4]

**(b)** Ottoman – Cash Book (bank columns)

| Date | Detail | Dr $ | Date | Detail | Cr $ |
|------|--------|------|------|--------|------|
| Sept 30<br>30<br>13 | Balance b/d<br>Rent<br>[Cash] sales<br>(**not** to correct error) | 850.00 **(1)**<br>800.00 **(2)**<br>300.00 **(2)**<br>1950.00…. | Sept 30<br>30 | Bank charges<br>Balance c/d<br>(*no aliens, may award if account reversed*) | 60.00 **(1)**<br>1890.00 **(2)**<br>1950.00….. |

*(Marks are for detail and amount, not date) Balance mark only for reversed cash book.* [8]

**(c)** Ottoman
Bank Reconciliation Statement at 30 September 2010
*Either:*

|  | $ |
|--|---|
| Balance on updated cash book [at 30 September 2010]<br>(*accept updated balance, balance b/d if agrees with **(b)***) | 1890.00 **(2)**OF<br>(*must agree with **(b)** above*) |
| Add: cheques issued not yet paid (unpresented cheques) | 250.00 **(2)** |
| Less: cheque paid in not yet credited by bank<br>(*accept reasonable description*)<br><br>(*marks are for description, amount and correct + or –* ) | (480.00) **(2)** |
| Balance on bank statement [at 30 September 2010] | 1660.00 **(1)**<br>(*must be correct figure*) |

[7]

*Or:*

|  | $ |
|--|---|
| Balance on bank statement [at 30 September 2010] | 1660.00 **(1)**<br>(*must be correct figure*) |
| Less: cheques issued not yet paid (unpresented cheques) | (250.00) **(2)** |
| Add: cheque paid in [not yet credited by bank]<br>(*accept reasonable description*)<br><br>(*marks are for description, amount and correct + or –* ) | 480.00 **(2)** |
| Balance on updated cash book [at 30 September 2010]<br>(*accept updated balance, balance b/d if agrees with **(b)***) | 1890.00 **(2)**OF<br>(*must agree with **(b)** above*) |

[7]

**(d) (i)** Current assets **(2)**
*accept current liabilities if overdrawn on OF*

**(ii)** $1890 **(2)OF** *from (b) above, not (c) if different*                                    [4]

[Total: 23]

**4 (a)** To inform or remind the customer of the amount due
To confirm the settlement terms
To ensure that no errors have been made by customer or supplier
Other relevant comment    *any one*                                                      [2]

**(b) (i)** Sam had taken 2% discount ($8.00)                                               [1]
*accept any mention of discount taken, whether entitled or not*

**(ii)** No, not correct amount **(1)**
Sam did not pay the amount due within the 21 days / time limit allowed to earn any
discount **(2)**                                                                            [3]

**(c) (i)** Amount due        $265.00 **(1)** @ 2% **(1)** = $5.30 **(1)**                     [3]
*(correct figures only)*

**(ii)** Net amount due    $265.00 **(1)** – $5.30 **(1)** = $259.70 **(1)**                  [3]
*(correct figures only)*

**(d)**

Sam Sumo account

| September | | $ | September | | $ |
| --- | --- | --- | --- | --- | --- |
| 1 | Balance b/d | 400.00 **(1)** | 19 | [Sales][returns in][Cr note 29] | 16.50 **(1)** |
| 7 | [Sales][invoice][301] | 56.50 **(1)** | 28 | Bank | 392.00 **(1)** |
| 12 | [Sales][invoice][330] | 217.00 **(1)** | 30 | Balance c/d | 265.00 **(1)** |
| | | 673.50 | | *(OF if no aliens, may award) if account reversed)* | 673.50 |

Sales account

| September | | $ | September | | $ |
| --- | --- | --- | --- | --- | --- |
| | | | 7 | Sam Sumo | 56.50 **(1)** |
| | | | | *not invoice or total sales* | |
| | | | 12 | Sam Sumo | 217.00 **(1)** |
| | | | | *not invoice or total sales* | |

Sales returns account

| September | | $ | September | | $ |
| --- | --- | --- | --- | --- | --- |
| 19 | Sam Sumo | 16.50 **(1)** | | | |
| | *not total sales returns* | | | | |

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Cash book – bank column

| September | | $ | September | $ |
| --- | --- | --- | --- | --- |
| 28 | Sam Sumo | 392.00 **(1)** | | |

*(Marks are for detail, correct amount and correct Dr or Cr)*                    [10]

**(d)** Pay balance within 21 days / by due date / within terms / on time                    [2]
*(not pay more quickly, prompt payment, etc.)*

**[Total: 24]**

**5** **(a)** To spread the cost of the asset over its useful life                    [2]
*(not to calculate profit or loss on sale etc.)*
*(not **causes** of depreciation, but accept depletion, wear and tear, obsolescence and usage over time as **reasons** for need to depreciate.)*

**(b)** **(i)** $3200 **(1)** – $700 **(1)** = $2500 / 5 **(1)** = $500 **(1)OF**
*(Note: if answer then goes on to give NBV, do not award calculation mark, so max 3)*

**(ii)** Same amount – $500 **(2)** [OF only if agrees with **(b) (i)**]
*(if answer then goes on to give NBV, no marks)*                    [6]

**(c)**                    Martina
Balance Sheet at 30 September 2010 (extract)

| | Cost | Provision for Depreciation | Net book value |
| --- | --- | --- | --- |
| | $ | $ | $ |
| Non-current (fixed) assets | | | |
| | | | |
| Equipment (machine) **(1)** | 3 200 **(1)** | 1 000 **(1)** | 2 200 **(1)OF** |
| *(no mark if other asset classes included)* | | *(accept OF from* **(b)**) | |

[4]

*If answer laid out as two years separately, award only 1 mark for asset narrative and 1 mark for correct or OF final NBV*

**(d)**                    Disposal of machinery account

| October | | $ | October | | $ |
| --- | --- | --- | --- | --- | --- |
| 15 | Machinery/equipment *(accept cost, **not** price, balance)* | 3 200 **(1)** | 15 | [Provision for] Depreciation *(OF from* **(c)**) | 1 000 **(1)OF** |
| | | | 15 | Bank/cash *(**not** cash book)* *(**not** scrap/disposal)* | 400 **(1)** |
| | | | 15 | Income statement *(accept profit/loss acc, loss)* | 1 800 **(2)OF** |
| | | 3 200 | | | 3 200 |

[5]

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**(e)** Straight line [method] **(1)**
over three years (33⅓%) **(1)**,
to fully depreciate over that period **(1)**, *or*   [3]

Reducing balance [method] **(1)** (**not** reducing method)
at rate >75% **(1)**
to fully depreciate over three years **(1)**   [3]

Revaluation [method] **(1)** only

**[Total: 20]**


**6 (a)**                    Ricardo – Statement of affairs at 1 November 2009

|                               | $         |      | $          |        |     |
|-------------------------------|-----------|------|------------|--------|-----|
| Non-current (fixed) assets    |           |      | 12 000     | **(1)** |     |
| Current assets                | 110 000   | **(1)** |         |        |     |
| Less: current liabilities     | 26 000    | **(1)** |         |        |     |
|                               |           |      | 84 000     |        |     |
| Capital **(1)**               |           |      | 96 000     | **(2)OF** | [6] |

*(mark for caption and amount, marks for capital amount if no aliens)*
*(award marks for acceptable layouts)*


**(b)**                    Ricardo – Statement of affairs at 31 October 2010

|                                | $      |      | $       |         |     |
|--------------------------------|--------|------|---------|---------|-----|
| Non-current (fixed) assets     |        |      | 14 000  | **(1)** |     |
| Current assets (95 500 **(1)** – 1 500 **(1)**) |  |  | 94 000 |     |     |

*(Provision for doubtful debts may be shown elsewhere)*

|                            | $      |      | $      |        |     |
|----------------------------|--------|------|--------|--------|-----|
| Less: current liabilities  | 24 000 | **(1)** |     |        |     |
|                            |        |      | 70 000 |        |     |
| Capital **(1)**            |        |      | 84 000 | **(1)OF** | [6] |

*(mark for caption and amount, marks for capital amount if no aliens)*
*(award marks for acceptable layouts)*


**(c)**                          Ricardo – capital account

| 2010 |  | $ | 2009 |  | $ |
|------|--|---|------|--|---|
| Oct 31 | Drawings | 90 000 **(1)** | Nov 1 | Balance b/fwd | 96 000 **(1)OF** |
| 31 | Balance c/d | 84 000 **(1)OF** |  | *(OF mark only if amount from (a))* |  |
|  |  |  | 2010 |  |  |
|  |  |  | Jan 1 | Bank[new][capital][cash] | 50 000 **(1)** |
|  |  |  |  | *(not Ricardo)* |  |
|  |  |  | Oct 31 | Net profit [or OF loss] | 28 000 **(1)OF** |
|  |  |  |  | *(no aliens for OF mark)* |  |
|  |  | 174 000 |  |  | 174 000 |
|  |  |  |  | *+(1) for all correct dates* |  |

[6]

*Mark is for detail and amount. If account reversed, award P/L OF mark only.*

**(d)**

|                      | Increase | Decrease | No change |
|----------------------|----------|----------|-----------|
| Current assets       | ✓ **(1)** |          |           |
| Long term liabilities | ✓ **(1)** |          |           |
| Revenue (sales)      |          |          | ✓ **(1)**  |
| Working capital      | ✓ **(1)** |          |           |

[4]

**[Total: 22]**