MARK SCHEME for the October/November 2010 question paper

for the guidance of teachers

0452 ACCOUNTING

0452/13   Paper 1, maximum raw mark 120

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1 **(a)** A   [1]

(b) C   [1]

(c) B   [1]

(d) B   [1]

(e) A   [1]

(f) C   [1]

(g) D   [1]

(h) D   [1]

(i) C   [1]

(j) D   [1]

[Total: 10]

2 **(a)** (Sales) invoice   [1]

(b)

	Capital expenditure	Revenue expenditure
Purchase of shop	✓ **(1)**	
Repairs to shop windows		✓ **(1)**
Purchase of new lock for shop door	✓ **(1)**	

[3]

(c) Balance sheet   [1]

(d) The business is expected to continue **(1)** for the foreseeable future **(1)**   [2]

(e) Error of principle   [1]

(f) 5000 shares **(1)** $\times$ $0.25 **(1)** = $1250   [2]

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(g) Premium for year = $600
Period 1 July – 30 September is 3 months
Expense = $600 **(1)** / 4 **(1)** = $150 **(1)OF** [3]

(h) Current assets – current liabilities
$15 000 + 14 500 **(1)** + 16 000 **(1)** – 18 200 **(1)** = $27 300 **(1)** [4]

(i) Collection period = trade receivables / credit sales × 365 days
= $13 800 **(1)** / $126 000 **(1)**
= 39.97 = 40 **OF (1)** days **(1)**
OF if Cash + Credit sales [4]

[Total: 21]

3 (a)   Summa account

October			October		
8 Purchase returns	100	**(1)**	5 Purchases	320	**(1)**
30 Bank (*not Cash*)	220	**(1)**	29 Purchases	270	**(1)**
31 Balance c/d **OF**	270	**(1)**			
	590			350	
			November		
			1 Balance b/d	270 **OF (1)**	

+ (1) for all correct dates [7]

                              Carter account

October			October		
31 Bank (not Cash)	485	**(1)**	17 Purchases	500	**(1)**
31 Discount	15	**(2)**			
	500			500	

+ (1) for all correct dates [5]

(b) (i) 200 units **(1)** × $2.80 **(1)** = 560.00 [2]

(ii) 100 units **(1)** × $3.20 **(1)** = 320.00
130 units **(1)** × $3.10 **(1)** = 403.00
120 units **(1)** × $2.90 **(1)** = 348.00
                                                 1071.00 [6]

(c) 130 units **(1)** × $3.00 (*NRV*) **(2)** = 390.00
120 units **(1)** × $2.90 (*cost*) **(1)** = 348.00
250   738.00

Allow **2** if 250 × $3.00 [5]

[Total: 25]

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4 (a) A trial balance is a list of balances **(1)** on the accounts in the books / ledgers / records **(1)** at a particular date **(1)** used to check the accuracy of accounts. Allow "**check accuracy**" if linked with "**list of balances**". [Max 3]

(b)

<div align="center">

Gorman Limited
Income statement (trading and profit and loss account)
Year ended 30 September 2010

</div>

	$	$
Revenue (sales)		92 000 **(1)**
Inventory (stock) at 1 October 2009	13 900 **(1)**	
Purchases	70 300 **(1)**	
Carriage inwards	600 **(1)**	
	84 800	
Less: inventory (stock) at 30 Sept 2010	14 300 **(1)**	
Cost of goods sold		70 500
Gross profit		21 500 **OF (1)**
Rent	2 600 } **(1)**	
Electricity	850 }	
Property tax (1500-300)	1 200 **(1)**	
Wages and salaries	5 750 **(1)**	
Repairs and maintenance	1 100 } **(1)**	
Administrative expenses	4 000 }	
Depreciation	1 700 **(1)**	
Bank charges	120 **(1)**	
		17 320
Profit for the year (net profit)		4 180 **OF (1)**

[13]

(c) (i) Prudence, consistency, lower of cost and net realizable value (any one) **(2)**

(ii) Accruals, matching (any one) **(2)** [4]

(d) (Rate of inventory (stock) turnover = cost of goods sold / average stock
= 70 500 **(1)** / (13 900 + 14 300) **(1)** / 2 **(1)**
= 5 **(1)** times **(1)** [5]

(e) Collect receivables, reduce inventory, delay payment of payables, sell Fixed Assets (any one). [2]

[Total: 27]

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5 (a) (i) Cash discount **(1)**, 3% **(1)** × $300 **(1)** = $9.00   [3]
(or 3/97 × 291)

    (ii) Trade discount **(1)**, 5% **(1)** × $2000 **(1)** = $100.00   [3]
(or 5/95 × 1900)

    (b)   Sohara Cash Book
                                            September 2010

Date	Details	Discount	Cash	Bank	Date	Details	Discount	Cash	Bank
		$	$	$			$	$	$
1	Balance b/down **(1)**		700	3000					
6	Juno **(1)**	9 **OF (1)**		*291 **(1)**	8	Apollo **(1)**		1900 **(1)**	
9	Minos **(1)**			85 **(1)**	10	Wages **(1)**		350 **(1)**	
10	Sales **(1)**		1850 **(1)**						

       * OF if $300 – OF Discount   [12]

    (c) (i) $300 **(1)** – $270 **(1)** = $30   [2]

       (ii) Lost or missing voucher
             Lost or stolen cash
             Error brought forward or in counting cash
             Amount not recorded   (any one)   [2]

      (iii) $300 **(1)** – $20 **(1)** = $280   [2]

                                                      [Total: 24]

6 (a) Norman – Journal

	$	$
Office Furniture	1 500 **(1)**	
Inventory (stock)	12 000 **(1)**	
Bank	2 300 **(1)**	
Cash	200 **(1)**	
Capital – Norman	**(1)**	16 000 **(2)**
	3 000 **(1)**	
Bank		
Loan – Peter		3 000 **(1)**

[8]

(b) (i) Straight line (fixed instalment) method **(1)**

(ii) Reducing (diminishing) balance method **(1)**

Other methods e.g. revaluation method may be accepted.

(c) Straight line method would be preferred **(1)** as furniture has an expected useful life and no scrap value **(1)** and cost would be fully written off consistently / evenly over the useful life **(1)**. [3]

[Total: 13]