

**MARK SCHEME for the October/November 2011 question paper  
for the guidance of teachers**

**0452 ACCOUNTING**

**0452/11**

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.

- Cambridge will not enter into discussions or correspondence in connection with these mark schemes.

Cambridge is publishing the mark schemes for the October/November 2011 question papers for most IGCSE, GCE Advanced Level and Advanced Subsidiary Level syllabuses and some Ordinary Level syllabuses.

<b>Page 2</b>	<b>Mark Scheme: Teachers' version</b>	<b>Syllabus</b>	<b>Paper</b>
	<b>IGCSE – October/November 2011</b>	<b>0452</b>	<b>11</b>

**1** Key

- (a) C [1]
- (b) D [1]
- (c) B [1]
- (d) D [1]
- (e) B [1]
- (f) A [1]
- (g) B [1]
- (h) A [1]
- (i) B [1]
- (j) C [1]

**[Total 10]**

**2 (a)** Inventory (stock), trade receivables (debtors), other receivable (prepayment), bank, cash.  
(Any two, 1 mark each). [2]

**(b)** Assets = capital (equity) + liabilities  
(or any variation of the correct equation) [1]

**(c)**

	Capital	Revenue
Repairs to workshop windows		✓(1)
Installation of alarm system	✓(1)	
Storage shelves for tools	✓(1)	

[3]

<b>Page 3</b>	<b>Mark Scheme: Teachers' version</b>	<b>Syllabus</b>	<b>Paper</b>
	<b>IGCSE – October/November 2011</b>	<b>0452</b>	<b>11</b>

- (d) (i) Sales (debtors, receivables) [ledger] [1]
- (ii) Nominal (general) [ledger] [1]
- (e) (i) Error of addition in trial balance or ledger account,  
single entry,  
entering item on wrong side  
entering transaction twice on same side of ledger,  
entering different credit and debit amounts.  
*(Any one description, or an actual example of one of these)* [1]
- (ii) Original entry [1]
- (f) Percentage of net profit to revenue =  $(125\,000 - 85\,000 - 15\,000) / 125\,000$   
=  $25\,000$  (1) /  $125\,000$  (1)  
= 20.00 % (1) **OF** [3]
- (g) Balance per bank statement = balance per cash book + unrepresented cheques  
=  $2\,400$  (1) +  $860$  (1)  
=  $3\,260$  (1) (Actual figure only) [3]
- (h) Share capital = ordinary shares  $120\,000 \times 0.25 = 30\,000$  (2)  
+ preference shares  $10\,000 \times 1.00 = 10\,000$  (2)  
=  $40\,000$  [4]

**[Total: 20]**

3 (a)

					Moloch Cash book				
Date	Details	Discount Allowed	Cash	Bank	Date	Details	Discount Received	Cash	Bank
		\$	\$	\$			\$	\$	\$
October 1	Balance b/d		650	3 200 (1)	October 5	Purchases ( <i>not Andrews</i> )		2 880 (1)	
3	Justin	10 (1)		390 (1)	7	Wages		630 (1)	
6	Munira			150 (1)					
7	[Cash] sales		3 650 (1)		7	Balance c/d		<u>790</u>	<u>3 740</u>
	Totals	10	<u>4 300</u>	<u>3 740</u>		Totals		<u>4 300</u>	<u>3 740</u>

[8]

Notes: Total reversal – no marks  
Award 1 mark for both correct opening balances  
Narrative and correct amount for mark  
No marks for balances carried down or totals  
+ 1 mark for correct dates (but disregard any date where no mark allocated to that entry)

<b>Page 5</b>	<b>Mark Scheme: Teachers' version</b>	<b>Syllabus</b>	<b>Paper</b>
	<b>IGCSE – October/November 2011</b>	<b>0452</b>	<b>11</b>

(b) Revenue (sales) account

October			
4	Hercules	800	(1)
7	Cash ( <i>not sales</i> )	3 650	(1)
<i>accept cash book</i>			

Purchases account

October			
5	Cash [book]	2 880	(1)OF
<i>(not Andrews)</i>			

Discount received account

--	--	--	--

Discount allowed account

October			
7	Total [for week]	10	(1)OF
<i>allow cash book</i>			
<i>not Justin</i>			

Hercules account

October			
4	Sales	800	(1)

Justin account

October			
3	Bank	390	(1)OF} accept
3	Discount	10	(1)OF} cash
<i>book</i>			

Munira account

October			
6	Bank	150	(1)OF
<i>accept cash book</i>			
[9]			

Note: Allow own figures from part (a) where errors have been made in calculating discounts  
 Correct narrative and figure for each mark  
 + 1 mark for correct dates  
 No mark for any reversal

(c) Total sales \$4 450 (2) [2]

(d) A provision for doubtful debts is [an estimate of] the amount which a business may lose because of bad debts. [2]

(e) Trade receivables \$8 200 @ 5% = \$410 (2) [2]

(f) By comparing (1) the amount of actual bad debts (1) with the provision made. (1) [3]  
(or equivalent wording to convey correct meaning)

[Total: 26]

4 (a)

Henrietta	
Trial Balance at 30 September 2011	
	\$
Revenue	124 100 (1)
Inventory	14 500 (1)
Purchases	77 000 (1)
Bank (overdraft)	2 800 (1)
Cash	1 100 (1)
Equipment	19 000 (1)
Administrative expenses	26 500 (1)
Capital (equity)	25 000 (1)
Drawings	15 600 (1)
Suspense	1 800 (1)OF
	<u>153 700</u> <u>153 700</u>

OF mark for suspense account if trial balance balances [10]  
Must be in trial balance format – no marks for e.g. balance sheet layout

(b)

	Dr	Cr
Suspense	2 200 (1)	
Revenue (sales)		2 200 (1)
Drawings	400 (1)	
Suspense		400 (1)
Wages	650 (1)	
Cash [book]		650 (1)

Narrative, correct amount and on correct side for mark [6]

(c)

Henrietta		
Suspense account		
	Difference on t/b (accept Balance)	1 800 (1)OF from 4(a)
Sales	<u>2 200</u> (1)	Drawings <u>400</u> (1)OF from 4(b)
	<u>2 200</u>	<u>2 200</u>

[3]  
[Total 19]

Page 7	Mark Scheme: Teachers' version	Syllabus	Paper
	IGCSE – October/November 2011	0452	11

5 (a) A non-current asset is an asset held for the long term for use by a business (1) and is not for resale.(1) (*Accept comments about allowing a business to earn revenue*)  
(*Do not accept just fixed asset*) [2]

(b) Depreciation

(i) Year 1 (3 600 – 450) (1) / 3 (1) = 1 050 (1)OF

(ii) Year 2 1 050 (1)OF from (i)

(iii) Year 3 1 050 (1)OF from (i)

Only award component marks (max 2) in (i) if candidate gives NBV as their answer [5]

(c)

Queresh

Income statement for the year ended 30 September 2011

	\$	\$
Revenue (sales)		72 500 (1)
Less returns		<u>800</u> (1)
		71 700
Cost of sales		
Inventory at 1 October 2010	6 000 (1)	
Raw materials (purchases)	<u>48 800</u> (1)	
	54 800	
Inventory at 30 September 2011	<u>7 600</u> (1)	
		<u>47 200</u>
Gross profit		24 500 (1)OF
Other operating income (6 500 (1) – 1 300 (1))		<u>5 200</u>
( <i>accept rent receivable, award 1 mark for 7 800 with or without workings</i> )		29 700
Expenses		
Distribution expenses	2 580 (1)	
Administrative expenses (8 225 (1) + 375 (1))	8 600	
( <i>award 1 mark for 7 850 with or without workings</i> )		
Other operating expenses	1 600 (1)	
Depreciation ( <i>accept OF from year 1 only</i> )	1 050 (1)OF	
Finance costs	<u>1 380</u> (1)	
		<u>15 210</u>
Profit for the year		<u>14 490</u> (1)OF

(*Do not award marks for rent receivable if shown as an expense, but you may award an OF mark for the profit for the year if arithmetically correct even if rent is included as an expense.*) [15]

(d) Depreciation should be included as a charge to the income statement so that the cost of the non-current asset is spread over the life of the asset or he is following the matching principle (1) and the profit is not overstated (*accept accurate or realistic*) or he is following the prudence principle (1). [2]

(e) Increase revenue, increase prices, reduce cost of sales, reduce (control) expenses. (any one) [2]

[Total 26]

6 (a)

Vasco's garage	Xavier's garage
Workings: 124 000 – 114 700 = 9 300 (1) 9 300 / 124 000 (1) =	Workings: 80 000 – 60 000 = 20 000 (1) 20 000 / 80 000 (1) =
Answer: 7.5 % (1)OF	Answer: 25.0 % (1)OF

[6]

(b)

Vasco's garage	Xavier's garage
Workings: 9 300 – 5 600 = 3 700 (1)OF 3 700 / 20 000 (1) =	Workings: 20 000 – 12 000 = 8 000 (1)OF 8 000 / 60 000 (1) =
Answer: 18.5 % (1)OF	Answer: 13.3 % (1)OF

[6]

*Answer must be expressed as a percentage with or without % sign  
– answers expressed as decimals e.g. 0.2 (0.185) are not acceptable.*

(c)

	Increase	Decrease	No effect
Percentage of gross profit to sales		✓ (2)	
Return on capital employed	✓ (2)		

[4]

(d) Yes (1)

Reasons:

- 1 Selling car parts and opening a workshop would increase Vasco's profits (1)
  - 2 The percentage of gross profit to sales would increase as the profitability of selling parts is higher than selling fuel (1) [3]
- (Not possible to award marks for comments about return on capital as not known)

**[Total 19]**



**MARK SCHEME for the October/November 2011 question paper  
for the guidance of teachers**

**0452 ACCOUNTING**

**0452/21**

Paper 2, 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.

- Cambridge will not enter into discussions or correspondence in connection with these mark schemes.

Cambridge is publishing the mark schemes for the October/November 2011 question papers for most IGCSE, GCE Advanced Level and Advanced Subsidiary Level syllabuses and some Ordinary Level syllabuses.

<b>Page 2</b>	<b>Mark Scheme: Teachers' version</b>	<b>Syllabus</b>	<b>Paper</b>
	<b>IGCSE – October/November 2011</b>	<b>0452</b>	<b>21</b>

**1 (a)** Cash Book (bank columns only)

		\$		\$	
2011			2011		
Sept 1	Rent received	200 (1)	Sept 1	Balance b/d	1052 (1)
	Error correction (1)	100 (1)		Bank charges	39 (1)
	Balance c/d	<u>791 (1) C/F</u>			
		<u>1 091</u>			
			Sept 1	Balance b/d	<u>1 091</u>
					791 (1) O/F [7]

**(b)** Bank Reconciliation Statement at 31 August 2011

	\$		\$	
Balance shown on bank statement (1)			(1 047) (1)	
Add Amounts not credited – sales	490 (1)			
Bank error (1)	<u>50 (1)</u>		<u>540</u>	
			(507)	
Less Cheques not yet presented –				
Omega Supply Co			<u>284 (1)</u>	
Balance shown in cash book (1)			<u>(791) (1) O/F</u>	

**Alternative presentation**

Bank Reconciliation Statement at 31 August 2011

	\$		\$	
Balance shown in cash book (1)			(791) (1) O/F	
Add Cheques not yet presented –				
Omega Supply Co			<u>284 (1)</u>	
			(507)	
Less Amounts not credited – sales	490 (1)			
Bank error (1)	<u>50 (1)</u>		<u>540</u>	
Balance shown on bank statement (1)			<u>(1047) (1)</u>	[8]

**(c)**  $\frac{1790}{15\ 500} \times \frac{365}{1} = 42.15 \text{ days} = 43 \text{ days (1)}$  [2]

**(d)** Unsatisfied if O/F in (c) over 30 days (1)  
They are not receiving the amount due within the period of credit allowed (2)

**Or**

Satisfied if O/F in (c) is 30 days or below (1)  
They are receiving the amount due within the period of credit allowed (2) [3]

**(e)** May be able to take advantage of cash discounts  
Improve the relationship with suppliers

**Or other suitable comment**

**Any two points (1) each** [2]

<b>Page 3</b>	<b>Mark Scheme: Teachers' version</b>	<b>Syllabus</b>	<b>Paper</b>
	<b>IGCSE – October/November 2011</b>	<b>0452</b>	<b>21</b>

(f) The business is deprived of the use of the money earlier than necessary

**Or other suitable comment**

**Any one point (1)**

**[1]**

(g) At the end of the period the chief cashier will make up the cash remaining so that it is equal to the imprest amount **(2)**

**[2]**

(h)

		Debit or credit	Name of account
<b>(i)</b>	Total of sundry expenses column	<i>Debit</i>	<i>Sundry expenses account</i>
<b>(ii)</b>	Cash received to restore the imprest	Credit <b>(1)</b>	Cash account (cash book) <b>(1)</b>
<b>(iii)</b>	Cash received from employee for cost of personal telephone calls	Credit <b>(1)</b>	Telephone expenses account <b>(1)</b>

**[4]**

**[Total: 29]**

Page 4	Mark Scheme: Teachers' version	Syllabus	Paper
	IGCSE – October/November 2011	0452	21

2 (a)

Oasis Trading Co Ltd  
Balance Sheet at 31 August 2011

	\$	\$	\$
Non-current Assets at cost			230 000
Less Provision for depreciation			<u>69 000</u>
			161 000 (1)
Current Assets			
Inventory		36 500	}(1)
Petty cash		100	}
Trade receivables	18 400		
Less Provision for doubtful debts	<u>368</u>	<u>18 032</u>	(1)
		54 632	
Current Liabilities			
Trade payables	17 950	}(1)	
Bank overdraft	8 942	}	
Other payables – proposed dividends (2 000 (1) + 6 000 (1))	<u>8 000</u>	<u>34 892</u>	
Net current assets			<u>19 740</u> (1)O/F
			180 740
Non-current Liabilities			
4% Debentures			<u>20 000</u> (1)
			<u>160 740</u>
Capital and Reserves			
5% Preference shares of \$1 each			40 000 (1)
Ordinary shares of \$0.50 each			100 000 (1)
General reserve (9 000 (1) + 3 000 (1))			12 000
Retained profits (4 000 (1) + 4 740 (1))			<u>8 740</u>
			<u>160 740</u>

**Horizontal format acceptable** [14]

(b) \$70 000 [2]  
(\$20 000 preference shares + \$50 000 ordinary shares)

(c) (i) Debentures [1]  
Long term loans  
Mortgage  
**Any one comment (1)**

(ii) Payment of fixed annual interest for duration of loan [1]  
Creation of a further liability for the company  
**Any one comment (1)**

(d) (i) Included (1) [2]  
Is an appropriation of the profit for the year (1)

(ii) Not included (1) [2]  
Is not a liability (1)  
**OR** it will have been paid during the year (1)

**[Total: 22]**

3 (a)

Journal	Debit \$	Credit \$	
Office equipment	360		(1)
Office expenses (repairs to equipment)	30		(1)
Computeck		390	(1)
Purchase of new computer and repairs to old computer			(1)

[4]

(b) A double entry has been made for the transaction.

**Or suitable explanation**

[2]

(c)

Journal	Debit \$	Credit \$	
Drawings	400		(1)
Purchases		400	(1)
Goods taken at cost price for personal use			(1)

[3]

(d) Goods for personal use have been removed from those for re-sale. This will reduce the amount owed by the business to the owner.

**Or other suitable explanation**

[2]

(e)

Journal	Debit \$	Credit \$	
Income statement	200		(1)
Provision for doubtful debts		200	(1)
Creation of provision for doubtful debts			(1)

[3]

(f) Creating a provision for doubtful debts ensures that the profit is not overstated (1)  
the trade receivables are not overstated in the balance sheet (1)

**Or other suitable explanation**

[2]

- (g) Obtain references from new credit customers  
 Fix a credit limit for each customer  
 Issue invoices and statements promptly  
 Follow up overdue accounts promptly  
 Supply goods on a cash basis only  
 Refuse further supplies until outstanding balance is paid

**Or other suitable points**

**Any 2 points (1) each**

**[2]**

(h)

	Increase	Decrease	No effect
(i) Total expenses for the year	✓ (1)		
(ii) Profit for the year		✓ (1)	
(iii) Closing credit balance on capital account		✓ (1)	
(iv) Amount owing by trade receivables			✓ (1)

**[4]**

**[Total: 22]**

**4 (a)**

Deira Road Sailing Club  
 Shop Income Statement for the year ended 30 September 2011

	\$	\$
Receipts from sales		5 492 (1)
Less Cost of sales		
Opening inventory	270 (1)	
Purchases (3 150 (1) + 340 (1))	<u>3 490</u>	
	3 760	
Less Closing inventory	<u>310 (1)</u>	
	3 450	
Shop assistant's wages	480 (1)	
Shop rent (25% × 2 600)	<u>650 (1)</u>	4 580
Profit for the year		<u>912 (1)O/F</u>

**Horizontal format acceptable**

**[8]**

<b>Page 7</b>	<b>Mark Scheme: Teachers' version</b>	<b>Syllabus</b>	<b>Paper</b>
	<b>IGCSE – October/November 2011</b>	<b>0452</b>	<b>21</b>

(b) Deira Road Sailing Club  
Income and Expenditure Account for the year ended 31 September 2011

	\$	\$
Income		
Subscriptions (3 060 (1) – 450 (1) – 360(1))		2 250
Profit for the year on the shop		912 (1)O/F
Sailing competition – Entrance fees	586 (1)	
Less expenses	<u>292 (1)</u>	<u>294</u>
		3 456
Expenditure		
Wages sailing tutor	940 (1)	
Rent (75% × 2 600)	1 950 (1)	
General expenses (230 (1) + 26 (1))	256	
Insurance (800 (1) + 190 (1) – 200 (1))	790	
Depreciation of equipment (20% × (4 400 + 1 500))	<u>1 180 (2)</u>	<u>5 116</u>
Deficit for the year		<u>1 660 (1)O/F</u>

**Horizontal format acceptable**

[16]

[Total: 24]

- 5 (a) Less risk of errors  
Less risk of fraud  
Easier to refer to previous transactions  
Financial position can be ascertained  
Easier to prepare financial statements  
Easier to make business decisions  
Easier to calculate accounting ratios

**Or other acceptable point**

**Any two points (2) each**

[4]

(b) (i) Calculation of credit sales

	\$
Cheques received from customers	7 995 (1)
Discounts allowed	205 (1)
Bad debts written off	180 (1)
Amounts owing on 31 July 2011	<u>8 020 (1)</u>
	16 400
Less Amounts owing on 1 August 2010	<u>7 450 (1)</u>
Credit sales	<u>8 950 (1)O/F</u>

[6]

(ii) Calculation of credit purchases

	\$
Cheques paid to suppliers	3 920 (1)
Discounts received	80 (1)
Amounts owing on 31 July 2011	<u>5 550 (1)</u>
	9 550
Less Amounts owing on 1 August 2010	<u>4 390 (1)</u>
Credit purchases	<u>5 160 (1)O/F</u>

[5]

**Alternative calculations on next page**

<b>Page 8</b>	<b>Mark Scheme: Teachers' version</b>	<b>Syllabus</b>	<b>Paper</b>
	<b>IGCSE – October/November 2011</b>	<b>0452</b>	<b>21</b>

**(b) Alternative presentations**

**(i) Credit sales**

Total trade receivables account

		\$			\$
2010			2011		
Aug 1	Balance b/d	7 450 (1)	July 31	Bank	7 995 (1)
2011				Discounts allowed	205 (1)
July 31	Sales *	8 950 (1)O/F		Bad debts	180 (1)
				Balance c/d	<u>8 020 (1)</u>
		<u>16 400</u>			<u>16 400</u>
2011					
Aug 1	Balance b/d	8 020			

**Three column running balance account acceptable**

**[6]**

**(ii) Credit purchases**

Total trade payables account

		\$			\$
2011			2010		
July 31	Bank	3 920 (1)	Aug 1	Balance b/d	4 390 (1)
	Discounts received	80 (1)	2011		
	Balance c/d	<u>5 550 (1)</u>	July 31	Purchases *	<u>5 160 (1)O/F</u>
		<u>9 550</u>			<u>9 550</u>
			2011		
			Aug 1	Balance b/d	5 550

**Three column running balance account acceptable**

**[5]**

- (c) To apply the prudence principle (1)**  
**To avoid overstating the assets (1)**  
**To avoid overstating the profit for the year (1)**

**Or other relevant comment**

**Any 2 points (1) each**

**[2]**



<b>Page 9</b>	<b>Mark Scheme: Teachers' version</b>	<b>Syllabus</b>	<b>Paper</b>
	<b>IGCSE – October/November 2011</b>	<b>0452</b>	<b>21</b>

(d)

		overstated		understated		no effect
<b>(i)</b>	net profit for the year ended 31 July 2010	✓	\$ 250	–	\$ –	–
<b>(ii)</b>	capital employed at 31 July 2010	✓ (1)	250 (1)			
<b>(iii)</b>	gross profit for the year ended 31 July 2011			✓ (1)	250 (1)	
<b>(iv)</b>	current assets at 31 July 2011					✓ (2)

[6]

[Total: 23]