

**MARK SCHEME for the October/November 2010 question paper  
for the guidance of teachers**

**0452 ACCOUNTING**

**0452/13**

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.

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<b>Page 2</b>	<b>Mark Scheme: Teachers' version</b>	<b>Syllabus</b>	<b>Paper</b>
	<b>IGCSE – October/November 2010</b>	<b>0452</b>	<b>13</b>

- 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) × \$0.25 (1) = \$1250 [2]

<b>Page 3</b>	<b>Mark Scheme: Teachers' version</b>	<b>Syllabus</b>	<b>Paper</b>
	<b>IGCSE – October/November 2010</b>	<b>0452</b>	<b>13</b>

(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 8 Purchase returns 100 (1) 30 Bank ( <i>not Cash</i> ) 220 (1) 31 Balance c/d <b>OF</b> <u>270 (1)</u> <u>590</u>	October 5 Purchases 320 (1) 29 Purchases 270 (1) <u>350</u>  November 1 Balance b/d 270 <b>OF (1)</b>  + (1) for all correct dates [7]
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Carter account

October 31 Bank (not Cash) 485 (1) 31 Discount <u>15 (2)</u> <u>500</u>	October 17 Purchases 500 (1) <u>500</u>  + (1) for all correct dates [5]
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(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]**

<b>Page 4</b>	<b>Mark Scheme: Teachers' version</b>	<b>Syllabus</b>	<b>Paper</b>
	<b>IGCSE – October/November 2010</b>	<b>0452</b>	<b>13</b>

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

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

<b>Page 5</b>	<b>Mark Scheme: Teachers' version</b>	<b>Syllabus</b>	<b>Paper</b>
	<b>IGCSE – October/November 2010</b>	<b>0452</b>	<b>13</b>

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

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

(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]**

<b>Page 6</b>	<b>Mark Scheme: Teachers' version</b>	<b>Syllabus</b>	<b>Paper</b>
	<b>IGCSE – October/November 2010</b>	<b>0452</b>	<b>13</b>

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]**