



ACCOUNTING

0452/11

Paper 1

May/June 2017

MARK SCHEME

Maximum Mark: 120

Published

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This document consists of **11** printed pages.

Question	Answer	Marks
1(a)	A (1)	1
1(b)	C (1)	1
1(c)	D (1)	1
1(d)	C (1)	1
1(e)	D (1)	1
1(f)	C (1)	1
1(g)	D (1)	1
1(h)	A (1)	1
1(i)	A (1)	1
1(j)	B (1)	1

Question	Answer			Marks																		
2(a)	capital = assets – liabilities (1) , or assets = capital + liabilities (1) , or liabilities = assets – capital (1)			1																		
2(b)	asset – something a business owns or which is owed to the business (1) (need all) liability – something which a business owes to a third party (1) inventory – goods bought for resale not yet sold (1)			3																		
2(c)	duality (1)			1																		
2(d)		<table border="1"> <thead> <tr> <th></th> <th>debit account</th> <th>credit account</th> </tr> </thead> <tbody> <tr> <td>Taha receives a cheque from Michael, a credit customer</td> <td>bank (1)</td> <td>Michael (1)</td> </tr> <tr> <td>Taha writes off of a debt owed by Zoe</td> <td>bad debts (1)</td> <td>Zoe (1)</td> </tr> </tbody> </table>		debit account	credit account	Taha receives a cheque from Michael, a credit customer	bank (1)	Michael (1)	Taha writes off of a debt owed by Zoe	bad debts (1)	Zoe (1)		4									
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2(g)	<p style="text-align: center;">Andy Factory Street Toptown</p> <p style="text-align: right;">Invoice no 1001</p> <p style="text-align: center;">Fred Shop Road Toptown</p> <p style="text-align: right;">22 May 2017</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Quantity</th> <th style="text-align: left;">Details</th> <th style="text-align: left;">Unit price</th> <th style="text-align: left;">Amount</th> </tr> </thead> <tbody> <tr> <td style="text-align: right;">20</td> <td>Standard chair</td> <td style="text-align: right;">\$50</td> <td style="text-align: right;">1000 (1)</td> </tr> <tr> <td style="text-align: right;">10</td> <td>Luxury chair</td> <td style="text-align: right;">\$75 (1)</td> <td style="text-align: right;"><u>750 (1)</u></td> </tr> <tr> <td></td> <td></td> <td></td> <td style="text-align: right;">1750</td> </tr> <tr> <td></td> <td style="text-align: right;">10% trade discount</td> <td></td> <td style="text-align: right;"><u>175 (1) OF</u></td> </tr> <tr> <td></td> <td></td> <td></td> <td style="text-align: right;"><u>1575 (1) OF</u></td> </tr> </tbody> </table>	Quantity	Details	Unit price	Amount	20	Standard chair	\$50	1000 (1)	10	Luxury chair	\$75 (1)	<u>750 (1)</u>				1750		10% trade discount		<u>175 (1) OF</u>				<u>1575 (1) OF</u>	5
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2(i)	credit note (1)	1																								
2(j)	Andy's business buys or manufactures goods which it then sells. (1) A service business provides a service to its customers or clients. (1)	2																								

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3(a)	Any reasonable comment for (1) mark e.g. Because purchases represent costs to the business Purchases are amounts which reduce profit Purchases are amounts paid by the business	1																																													
3(b)	Book of prime (original) entry (1)	1																																													
3(c)	<p style="text-align: center;">Zameer Purchases account</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 30%;"></td> <td style="width: 10%; text-align: center;">\$</td> <td style="width: 30%;"></td> <td style="width: 10%; text-align: center;">\$</td> <td style="width: 10%;"></td> </tr> <tr> <td>Feb 21 Balance b/d</td> <td style="text-align: right;">67 210 (1)</td> <td>Feb 28 Income statement</td> <td style="text-align: right;">68 170 (1) OF</td> <td></td> </tr> <tr> <td>28 Purchases for the week</td> <td style="text-align: right;">960 (1)</td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td style="text-align: right; border-top: 1px solid black;"><u>68 170</u></td> <td></td> <td style="text-align: right; border-top: 1px solid black;"><u>68 170</u></td> <td></td> </tr> </table> <p style="text-align: center;">Rent payable account</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 30%;"></td> <td style="width: 10%; text-align: center;">\$</td> <td style="width: 30%;"></td> <td style="width: 10%; text-align: center;">\$</td> <td style="width: 10%;"></td> </tr> <tr> <td>Feb 21 Balance b/d</td> <td style="text-align: right;">6 600 (1)</td> <td>Feb Income statement</td> <td style="text-align: right;">7 200 (1) OF</td> <td></td> </tr> <tr> <td>25 Bank</td> <td style="text-align: right;">1 800</td> <td>28 statement</td> <td></td> <td></td> </tr> <tr> <td></td> <td style="text-align: right; border-top: 1px solid black;"><u>8 400</u></td> <td>Balance c/d</td> <td style="text-align: right;"><u>1 200 (1)</u></td> <td></td> </tr> <tr> <td>Mar 1 Balance b/d</td> <td style="text-align: right;">1 200 (1) OF</td> <td></td> <td style="text-align: right; border-top: 1px solid black;"><u>8 400</u></td> <td></td> </tr> </table> <p>+(1) for dates</p>		\$		\$		Feb 21 Balance b/d	67 210 (1)	Feb 28 Income statement	68 170 (1) OF		28 Purchases for the week	960 (1)					<u>68 170</u>		<u>68 170</u>			\$		\$		Feb 21 Balance b/d	6 600 (1)	Feb Income statement	7 200 (1) OF		25 Bank	1 800	28 statement				<u>8 400</u>	Balance c/d	<u>1 200 (1)</u>		Mar 1 Balance b/d	1 200 (1) OF		<u>8 400</u>		8
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3(e)	<p>(i) sales commission received rent received interest received any one for (1) mark.</p> <p>(ii) capital introduced proceeds of sale of non-current asset receipt of loan any one for (1) mark</p>	2

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4(a)	at the lower of cost and net realisable value (1)	1																																				
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On 30 April 2017	100 000	60 000	14 700	174 700 (1) OF row																												
5(d)	<p style="text-align: center;"> $\frac{7\,000\ (1\ OF)}{174\,700\ (1\ OF)+30\,000\ (1)} \times 100 = 3.42\% \ (1)\ OF$ OR $\frac{(7\,000+3\,000)\ (1\ OF)}{174\,700\ (1\ OF)+30\,000\ (1)} \times 100 = 4.89\% \ (1)\ OF$ </p>	4																														
5(e)	<p>mark up applied to goods for resale is lower poorer control of expenses profit is lower higher interest payable poorer utilisation of resources capital used less efficiently capital employed is higher any two for (1) mark</p>	2																														

Question	Answer	Marks
5(f)	increase sale (1) reduce cost of sales/find cheaper supplier (1) reduce expenses (1) reduce interest payments (1) reduce capital employed (1) reduce loans and debentures (1) any three for (1) mark	3

Question	Answer	Marks																											
6(a)	Subscriptions paid in advance at the year-end (1)	1																											
6(b)	<table border="1" style="margin-left: auto; margin-right: auto;"> <tr> <td colspan="2" style="text-align: center;">current assets</td> </tr> <tr> <td style="padding-left: 20px;">cash and cash equivalents/bank</td> <td style="text-align: right;">\$6120 (1)</td> </tr> <tr> <td style="padding-left: 20px;">inventory</td> <td style="text-align: right;">\$710 (1)</td> </tr> <tr> <td style="padding-left: 20px;">subscriptions in arrears</td> <td style="text-align: right;">\$980 (1)</td> </tr> <tr> <td colspan="2" style="text-align: center;">current liabilities</td> </tr> <tr> <td style="padding-left: 20px;">subscriptions in advance</td> <td style="text-align: right;">\$395 (1)</td> </tr> </table>	current assets		cash and cash equivalents/bank	\$6120 (1)	inventory	\$710 (1)	subscriptions in arrears	\$980 (1)	current liabilities		subscriptions in advance	\$395 (1)	4															
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6(e)	<p>to provide a service to members because the club can still make a surplus because the loss is small in relation to subscriptions because it encourages members to join this club rather than another one because the rent would still be payable even if the shop closed any two reasons for (1) mark each</p>	2																														
6(f)	<p>the surplus would not change (1) plus development the shop's loss would decrease (1) OR rent in the income and expenditure account would increase (1) [maximum 2]</p>	2																														