

**1 (a)** What is the purpose of accounting?

**A** to ensure the cash book balance agrees with the bank statement

**B** to know how long trade receivables take to pay

**C** to prepare the financial statements of the business

**D** to write up all the ledger accounts

[1]

**(b)** Where is discount received shown?

**A** credit side of the purchases ledger control account

**B** debit side of the purchases ledger control account

**C** credit side of the sales ledger control account

**D** debit side of the sales ledger control account

[1]

(e) Albert maintains a provision for doubtful debts account. Where is the closing balance on the account included in the financial statements?

- A as an expense in the income statement
- B as a revenue in the income statement
- C in the current assets section of the statement of financial position
- D in the current liabilities section of the statement of financial position  [1]

(f) Why is inventory valued at net realisable value when this is lower than cost?

- A to calculate the rate of inventory turnover
- B to ensure the balancing of the statement of financial position
- C to prevent profit being recorded before it is earned
- D to recognise losses as soon as they are incurred  [1]

(j) When is accounting information relevant?

- A when it can be compared with information for other periods
- B when it can be understood by the users of the accounts
- C when it changes business decisions
- D when it is free from error and bias  [1]

- 1 (a) The total of the discount received column of the cash book, \$80, was posted in error to the credit side of the discount allowed account.

Which entries correct this error?

	debit account(s)	\$	credit account(s)	\$
<b>A</b>	discount allowed	80	discount received	80
<b>B</b>	discount allowed suspense	80 80	discount received	160
<b>C</b>	discount allowed	160	discount received suspense	80 80
<b>D</b>	discount received	80	discount allowed	80





[1]

- (b) Which account or statement provides a summary of transactions involving trade receivables?

- A** bank reconciliation statement
- B** provision for doubtful debts account
- C** sales ledger control account
- D** statement of financial position





[1]

- (f) A and B were in partnership. Their current accounts for the year were as follows.

	A \$	B \$		A \$	B \$
drawings	7 500	2 500	balance b/d	10 200	12 000
balance c/d	11 700	17 500	interest on capital	2 000	1 000
			share of profit	7 000	7 000
	<u>19 200</u>	<u>20 000</u>		<u>19 200</u>	<u>20 000</u>
			balance b/d	11 700	17 500

What was the profit for the year?

- A** \$7 000
- B** \$14 000
- C** \$17 000
- D** \$27 000





[1]

(h) The work in progress of a manufacturing business increased during the year.

Which effect does this have?

	on cost of production	on gross profit
<b>A</b>	decrease	increase
<b>B</b>	decrease	no effect
<b>C</b>	increase	decrease
<b>D</b>	increase	no effect

[1]

(i) What is meant by mark-up?

- A** gross profit measured as a percentage of cost of sales
- B** gross profit measured as a percentage of revenue
- C** profit for the year measured as a percentage of expenses
- D** profit for the year measured as a percentage of revenue

[1]

- 2 (a) Complete the following table indicating with a tick (✓) the section of a statement of financial position in which **each** item would appear.

	non-current assets	current assets	non-current liabilities	current liabilities
trade payables				
5-year loan				
inventory				
loose tools				
bank overdraft				
rent receivable accrued				

[3]

- (b) (i) State **one** advantage of being a partner rather than a sole trader.

.....[1]

- (ii) State **one** disadvantage of being a partner rather than a sole trader.

.....[1]

- (c) Name **three** interested parties (other than the business owner) who may wish to look at the financial statements of a business. For **each** interested party state a reason for their interest.

interested party	reason for their interest

[6]

- (d) State **two** causes of depreciation.

1.....

2.....[2]

- (e) Complete the following table by writing **either** True or False against **each** statement about depreciation.

	True or False
The depreciation is calculated on the cost price less residual value when the straight line (equal instalment) method is used.	
The percentage rate of depreciation decreases each year when the reducing (diminishing) balance method is used.	
The provision for depreciation of a non-current asset is deducted from the cost price in the statement of financial position.	
A provision for depreciation is a means of providing a fund to purchase a replacement non-current asset.	

[4]

- (f) Name **one** accounting objective.

.....[1]

- (g) Name the accounting principle described by **each** of the following statements.

	Accounting Principle
The same accounting treatment is applied to similar items at all times.	
Accounting assumes that a business will continue to operate indefinitely.	
Transactions are expressed in monetary terms.	
Revenue is recognised as earned when ownership of goods passes to the customer.	

[4]

[Total: 22]

3 Amira owns an advertising agency. Her financial year ends on 30 April.

On 1 April 2018 she decided to use a petty cash book with a monthly imprest of \$80 which would be restored on the first day of each month.

**REQUIRED**

(a) State **one** reason for using a petty cash book.

.....  
.....[1]

(b) State **one** advantage of the imprest system of petty cash.

.....  
.....[1]

On 1 April 2018 Amira put \$80 cash in the petty cash box.

Her transactions for the month of April 2018 were as follows.

April 4	Bought stamps	\$ 3
7	Purchased printing paper	8
11	Purchased ink cartridges	12
19	Paid window cleaner	10
22	Paid KK Limited, a trade payable	35
29	Purchased flowers for reception desk	7

**REQUIRED**

(c) Enter these transactions in Amira's petty cash book on the page opposite.

Balance the petty cash book and bring down the balance on 1 May 2018.

[10]





- (d) Complete the following table to show the double entry to restore the petty cash imprest on 1 May 2018.

debit	\$	credit	\$

[3]

- (e) Show the entry which would be made in the computer supplies account in April 2018. It is **not** necessary to close or balance the account.

Amira  
Computer supplies account

Date	Details	\$	Date	Details	\$
.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....

[1]

Amira balanced her cash book on 30 April 2018. The bank column showed that she had \$17 620 in the bank.

On the same date the bank statement showed a different balance.

**REQUIRED**

- (f) State **two** reasons for preparing a bank reconciliation statement.

- 1.....  
.....  
.....
- 2.....  
.....  
.....[2]

A comparison of the cash book and the bank statement revealed the following.

	\$
1 Items appearing only on the bank statement	
Bank charges	28
Dishonoured cheque, Jabir	153
Business rates paid by direct debit	95
2 Items appearing only in the cash book	
Cheque received from Shadya	824
Cheque paid to Abasi	1075
3 Debit side of cash book was undercast	100

**REQUIRED**

(g) Update the cash book of Amira.

Bring down the updated balance on 1 May 2018.

Amira  
Cash Book (bank columns only)

Date	Details	\$	Date	Details	\$
2018 April 30	Balance b/d	17 620	.....	.....	.....
.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....

[5]

(h) Prepare a bank reconciliation statement for Amira at 30 April 2018 to determine the balance shown on the bank statement.

Amira  
Bank Reconciliation Statement at 30 April 2018

.....		\$
.....		.....
.....		.....
.....		.....
.....		.....
.....		.....
.....		.....
.....		.....
.....		.....

[4]

- (i) State the bank balance which would appear in the statement of financial position on 30 April 2018. Name the section in which it would appear.

Amount of bank balance \$.....

Section of statement of financial position .....[2]

- (j) Suggest **two** possible reasons why the cheque from Jabir was dishonoured.

1.....

2.....[2]

[Total: 31]

- 4 (a) Complete the following table. Fill in the gaps so that the name of **each** accounting principle policy is paired with an explanation. The first has been completed as an example.

Name of accounting principle or policy	Explanation
<i>Duality</i>	<i>Every transaction has a two-fold aspect.</i>
.....	Profits should not be overstated.
.....	Financial statements only include items which can be expressed in monetary terms.
Going concern	..... ..... ..... .....
Business entity	..... ..... ..... .....
.....	Accounting information should be free from error and bias.
Consistency	..... ..... ..... .....

[6]

- (b) State **two** reasons why two business owners might find it difficult to compare their financial statements.

1 .....

2 ..... [2]

- (c) Complete the following table giving **one** reason why **each** of the users of financial statements might be interested in them.

User	Reason
Bank manager	..... .....
Credit supplier	..... .....
Investor	..... .....

[3]

- (d) State how prime cost is calculated in a manufacturing business.

.....  
.....[2]

- (e) Complete the following table, indicating with a tick (✓) where **each** item appears in the financial statements of a manufacturing business.

	manufacturing account	income statement
depreciation of factory machinery		
depreciation of delivery van		
royalties		
factory rent		
salesman's commission		
factory supervisor's salary		
sales returns		
closing inventory of work in progress		

[4]

(f) State what is meant by the term work in progress.

.....  
 .....[1]

(g) State **one** reason why work in progress is more likely to appear in the financial statements of a boat builder than those of a business making bread rolls.

.....  
 .....[1]

**[Total: 19]**

5 Rohinton started trading on 1 January 2016. His cash book (bank columns only) for the first month of trading was as follows.

Rohinton					
Cash book (bank columns only)					
2016		\$	2016		\$
Jan 1	Capital	10 000	Jan 1	Rent (3 months)	3 000
10	Cash sales	1 600	7	Fixtures and fittings	4 000
18	Freddie	180	8	Amitav	605
28	Ling	195	21	Arun	402
			29	Charles	780
			31	Balance c/d	3 188
		11 975			11 975
Feb 1	Balance b/d	3 188			

His bank statement for the same period was as follows.

Date	Details	Debit	Credit	Balance	
2016		\$	\$	\$	
Jan 1	Opening deposit		10 000	10 000	Cr
1	Standing order (12 months' insurance)	720		9 280	Cr
5	Cheque 0002	4 000		5 280	Cr
10	Deposit		1 600	6 880	Cr
11	Cheque 0001	3 000		3 880	Cr
12	Cheque 0003	605		3 275	Cr
20	Deposit		180	3 455	Cr







- (d) Calculate Rohinton's profit for the month of January 2016. Use the capital you calculated in part (c).

.....

.....

.....

.....[3]

**[Total: 23]**

- 6 David and Harold are in partnership. The partnership agreement states that David is to receive an annual salary of \$12 000 and that profits and losses are to be shared in the ratio 2:1.

The following balances were extracted from the partnership books on 31 March 2016.

	\$	
Capital accounts – David	80 000	
– Harold	25 000	
Current accounts – David	8 100	debit
– Harold	6 200	credit
Fixtures and fittings at cost	37 200	
Provision for depreciation of fixtures and fittings	11 160	
Inventory at 1 April 2015	36 000	
Trade receivables	7 000	
Trade payables	6 140	
Bank	12 100	debit
Sales (Revenue)	142 000	
Purchases	83 100	
Rent	12 000	
Other operating expenses	11 800	
Wages	16 500	
Drawings – David	32 000	
– Harold	14 700	

Additional information

- 1 Other operating expenses included \$500 for insurance which was paid in advance at 31 March 2016.
- 2 Inventory on 31 March 2016 amounted to \$26800.
- 3 Fixtures and fittings are depreciated at the rate of 10% per annum on the straight line basis. A full year's depreciation is provided in the year of purchase. The current year's depreciation has not yet been provided.
- 4 All the fixtures and fittings were purchased when the partnership was formed.

**REQUIRED**

- (a) Calculate how many years' depreciation had been charged.

.....

.....

.....

.....[3]



(c) Prepare the appropriation account for the year ended 31 March 2016.

David and Harold  
Appropriation Account for the year ended 31 March 2016

	\$	\$
.....	.....	.....
.....	.....	.....
.....	.....	.....
.....	.....	.....
.....	.....	.....
.....	.....	.....
.....	.....	.....
.....	.....	.....
.....	.....	.....

[3]

(d) Calculate David's total income entitlement from the business for the year.

.....  
.....  
.....  
.....[3]

(e) State why it might be useful if the partnership agreement contained a provision for interest on drawings.

.....  
.....[1]

(f) Calculate the percentage of gross profit to revenue for the year ended 31 March 2016.

.....  
.....[2]

David and Harold were surprised to see that inventory had fallen during the year. In previous years the percentage of gross profit to revenue had been 45% and they believed that this had been maintained.

**REQUIRED**

(g) Calculate the value of inventory at 31 March 2016 with which the percentage of gross profit to revenue would have been constant.

.....  
.....  
.....  
.....  
.....  
.....  
.....  
.....  
.....  
.....[5]

(h) Suggest **one** reason for the lower inventory value.

.....  
.....[1]

**[Total: 26]**

<b>Page 2</b>	<b>Mark Scheme</b>	<b>Syllabus</b>	<b>Paper</b>
	<b>Cambridge IGCSE – May/June 2015</b>	<b>0452</b>	<b>11</b>

1 (a) C

(b) B

(e) C

(f) D

(j) A

0452/11

Cambridge IGCSE – Mark Scheme  
PUBLISHED

May/June 2017

Question	Answer	Marks
1(a)	A (1)	1
1(b)	C (1)	1
1(f)	C (1)	1
1(h)	A (1)	1
1(i)	A (1)	1

0452/11

Cambridge IGCSE – Mark Scheme  
PUBLISHED

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Question	Answer	Marks																																			
2(a)	<table border="1"> <thead> <tr> <th></th> <th>non-current assets</th> <th>current assets</th> <th>non-current liabilities</th> <th>current liabilities</th> </tr> </thead> <tbody> <tr> <td>trade payables</td> <td></td> <td></td> <td></td> <td>✓</td> </tr> <tr> <td>5 year loan</td> <td></td> <td></td> <td>✓</td> <td></td> </tr> <tr> <td>inventory</td> <td></td> <td>✓</td> <td></td> <td></td> </tr> <tr> <td>loose tools</td> <td>✓</td> <td></td> <td></td> <td></td> </tr> <tr> <td>bank overdraft</td> <td></td> <td></td> <td></td> <td>✓</td> </tr> <tr> <td>rent receivable accrued</td> <td></td> <td>✓</td> <td></td> <td></td> </tr> </tbody> </table> <p>Any 2 correct items (1)</p>		non-current assets	current assets	non-current liabilities	current liabilities	trade payables				✓	5 year loan			✓		inventory		✓			loose tools	✓				bank overdraft				✓	rent receivable accrued		✓			3
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2(b)(i)	<p>Share losses Share responsibilities Share risks Share decision-making Additional finance available Additional skills and experience available Accept other valid points. Any 1 advantage (1)</p>	1																																			
2(b)(ii)	<p>Share profits Decisions must be recognised by all partners Decisions may take longer to implement One partner's actions can bind other partners Disagreements can occur All partners are responsible for the debts of the business Accept other valid points. Any 1 disadvantage (1)</p>	1																																			

2(c)	<table border="1" data-bbox="491 203 1129 555"> <thead> <tr> <th>interested party</th> <th>reason for their interest</th> </tr> </thead> <tbody> <tr> <td>credit suppliers</td> <td>check on likelihood of being paid</td> </tr> <tr> <td>bank/lender</td> <td>check on suitability for overdraft/loan to check collateral in case of bankruptcy</td> </tr> <tr> <td>manager</td> <td>check on efficiency and progress</td> </tr> <tr> <td>government</td> <td>for tax calculation/government statistics</td> </tr> <tr> <td>employees/trade union</td> <td>check on likelihood of continued employment</td> </tr> <tr> <td>customers</td> <td>check on likelihood of supplies being continued</td> </tr> <tr> <td>competitor</td> <td>comparison of profitability</td> </tr> <tr> <td>potential partner</td> <td>check on profitability and prospects</td> </tr> <tr> <td>takeover bidder</td> <td>check on profitability and prospects</td> </tr> <tr> <td>potential investor</td> <td>check on profitability and prospects</td> </tr> </tbody> </table> <p data-bbox="312 577 762 645"><b>Not business owner – this is excluded by question</b>  <b>Naming interested party – any 3 (1) each</b>  <b>Appropriate reason for their interest – any 3 (1) each</b></p>	interested party	reason for their interest	credit suppliers	check on likelihood of being paid	bank/lender	check on suitability for overdraft/loan to check collateral in case of bankruptcy	manager	check on efficiency and progress	government	for tax calculation/government statistics	employees/trade union	check on likelihood of continued employment	customers	check on likelihood of supplies being continued	competitor	comparison of profitability	potential partner	check on profitability and prospects	takeover bidder	check on profitability and prospects	potential investor	check on profitability and prospects	6
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2(d)	Physical deterioration Economic reasons Passage of time Obsolescence Depletion <b>Any 2 (1) each</b>	2																						
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2(f)	Comparability Relevance Reliability Understandability <b>Any 1 objective (1)</b>	1																						
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Question	Answer	Marks
3(a)	Reduces the number of entries in the main cash book Removes the small cash payments from the main cash book Reduces the number of entries in the ledger Allows the chief cashier to delegate some of the work Provides training for junior staff members <b>Accept other valid points.</b> <b>Any 1 reason (1)</b>	1
3(b)	Control/limit petty cash expenditure The cash remaining and the vouchers received should equal the imprest Can help to reduce fraud <b>Accept other valid points.</b> <b>Any 1 advantage (1)</b>	1

3(c)		Amira Petty Cash Book							10
Total received \$	Date	Details	Total paid \$	Postage \$	Computer supplies \$	General expenses \$	Ledger accounts \$		
80	2018 April 1	Cash							
	4	Stamps (1)	3	3					
	7	Printing paper (1)	8		8				
	11	Ink cartridges (1)	12		12				
	19	Window cleaner (1)	10			10			
	22	KK Limited (1)	35				35		
	29	Flowers (1)	7			7			
			75	3	20	17	35		
			5						
80	30	Balance c/d	80						
5	May 1	Balance b/d (1)							
+ (1) Totalling analysis columns (1) Totalling total columns (1) Dates									

3(d)						3
	debit	\$	credit	\$		
	petty cash (book) (1)	75	cash/bank/cash book (1)	75		
+ (1) for 2 equal OFs from (c)						

3(e)		Amira Computer supplies account						1
Date	Details	\$	Date	Details	\$			
2018 April 30	Petty cash (1)	20						

3(f)		Obtain the correct bank balance Identify errors in the bank account Identify errors on the bank statement Assist/helps in discovering fraud and embezzlement Identify amounts not credited Identify cheques not presented Identify any stale cheques or dishonoured cheques <b>Accept other valid points.</b> <b>Any 2 reasons (1) each</b>						2
------	--	---	--	--	--	--	--	---

3(g)		Amira Cash Book (bank columns) only						5
Date	Details	\$	Date	Details	\$			
2018 April 30	Balance b/d	17 620	2018 April 30	Bank charges (1)	28			
	(Cash book) error* (1)	100		Jabir(dis.chq) (1)	153			
				Rates (1)	95			
		17 720		Balance c/d	17 444			
2018 May 1	Balance b/d (1)OF	17 444			17 720			



3(h)	<p style="text-align: center;">Amira Bank Reconciliation Statement at 30 April 2018</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td></td> <td style="text-align: right;">\$</td> <td></td> </tr> <tr> <td>Balance shown on bank statement</td> <td style="text-align: right;">17 695</td> <td style="text-align: right;">(1) OF</td> </tr> <tr> <td>Add Cheque not credited – <b>Shadya</b></td> <td style="text-align: right;">824</td> <td style="text-align: right;">(1)</td> </tr> <tr> <td></td> <td style="text-align: right; border-top: 1px solid black;">18 519</td> <td></td> </tr> <tr> <td>Less Cheque not presented – <b>Abasi</b></td> <td style="text-align: right;">1 075</td> <td style="text-align: right;">(1)</td> </tr> <tr> <td>Balance shown in cash book</td> <td style="text-align: right; border-top: 1px solid black;">17 444</td> <td style="text-align: right;">(1) OF</td> </tr> <tr> <td colspan="3"> <b>Alternative presentation</b></td> </tr> <tr> <td></td> <td style="text-align: right;">\$</td> <td></td> </tr> <tr> <td>Balance shown in cash book</td> <td style="text-align: right;">17 444</td> <td style="text-align: right;">(1) OF</td> </tr> <tr> <td>Add Cheque not presented – <b>Abasi</b></td> <td style="text-align: right;">1 075</td> <td style="text-align: right;">(1)</td> </tr> <tr> <td></td> <td style="text-align: right; border-top: 1px solid black;">18 519</td> <td></td> </tr> <tr> <td>Less Cheque not credited – <b>Shadya</b></td> <td style="text-align: right;">824</td> <td style="text-align: right;">(1)</td> </tr> <tr> <td>Balance shown on bank statement</td> <td style="text-align: right; border-top: 1px solid black;">17 695</td> <td style="text-align: right;">(1) OF</td> </tr> </table>		\$		Balance shown on bank statement	17 695	(1) OF	Add Cheque not credited – <b>Shadya</b>	824	(1)		18 519		Less Cheque not presented – <b>Abasi</b>	1 075	(1)	Balance shown in cash book	17 444	(1) OF	 <b>Alternative presentation</b>				\$		Balance shown in cash book	17 444	(1) OF	Add Cheque not presented – <b>Abasi</b>	1 075	(1)		18 519		Less Cheque not credited – <b>Shadya</b>	824	(1)	Balance shown on bank statement	17 695	(1) OF	4
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3(i)	<p>\$17 444 (1) OF</p> <p>Current assets (1) OF</p>	2																																							
3(j)	<p>Not enough money in account Cheque unsigned Amount in words and figures disagree Takes account into unauthorised overdraft <b>Accept other valid points.</b> <b>Any 2 acceptable reasons (1) each</b></p>	2																																							



Page 5	Mark Scheme	Syllabus	Paper
	Cambridge IGCSE – May/June 2016	0452	11

4 (a)

Name of accounting principle or policy	Explanation
<i>Duality</i>	<i>Every transaction has a two-fold aspect</i>
Prudence (1)	Profits should not be overstated
Money measurement (1)	Financial statements only include items which can be expressed in monetary terms
Going concern	Accounting assumes that a business will continue to operate indefinitely (1)
Business entity	A distinction is made between the financial transactions of a business and those of its owner(s) (1)
Reliability (1)	Accounting information should be free from error and bias
Consistency	The same accounting treatment should be applied to similar items at all times (1)

[6]

- (b) different accounting policies  
different locations  
different capital structures  
different type of business  
different type of goods sold  
different year end  
non-monetary items  
different size of business

Accept other reasonable answer

Any two for (1) mark each

[2]

(c)

User	Reason
Bank manager	To make decision regarding loan or overdraft (1)
Credit supplier	To ensure credit worthiness of customer (1) To establish credit limit (1)
Investor	To see the return on his investment (1)

Other reasonable answers accepted.

[3]

(d) Prime cost = direct materials **plus** direct labour **(1)** **plus** direct expenses **(1)** [2]

(e)

	manufacturing account	income statement
depreciation of factory machinery	✓	
depreciation of delivery van		✓
royalties	✓	
factory rent	✓	
salesman's commission		✓
factory supervisor's salary	✓	
sales returns		✓
closing inventory of work in progress	✓	

(1) mark for any **two** items correct [4]

(f) Items of production which are partial completed (1) [1]

(g) Because a boat takes longer to make than a bread roll (1) [1]

[Total: 19]

5 (a)

Rohinton  
Cash book (bank columns only)

2016		\$		2016	\$	
Feb 1	Balance b/d	3 188	(1)	Feb 1	Insurance	720 (1)
		3 188			Balance c/d	2 468
Feb 1	Balance b/d	2 468	(1of)			3 188

[3]

(b)

Rohinton			
Bank reconciliation statement at 31 January 2016			
	\$		\$
Balance per updated cash book (1)			2468 (1of)
Add: unpresented cheques – Arun	402	(1)	
– Charles	<u>780</u>	<u>(1)</u>	<u>1182</u>
			3650
Less: uncredited deposit – Ling			<u>(195)</u> (1)
Balance per bank statement (1)			<u>3455</u> (1)

OR

Rohinton			
Bank reconciliation statement at 31 January 2016			
	\$		\$
Balance per bank statement (1)			3455 (1)
Less: unpresented cheques – Arun	402	(1)	
– Charles	<u>780</u>	<u>(1)</u>	<u>(1182)</u>
			2273
Add: uncredited deposit – Ling			<u>195</u> (1)
Balance per updated cash book (1)			<u>2468</u> (1of)

[7]

(d)

	\$	
Capital – at 31 January 2016	10519	(1of)
– at 1 January 2016	<u>10000</u>	<u>(1)</u>
Profit for the month	<u>519</u>	<u>(1of)</u>

[3]

[Total: 23]

6 (a) Annual depreciation \$3720 (1)

$$11\,160(1) / 3720 = 3 \text{ years } (1)$$

[3]

(b)

David and Harold  
Income Statement for the year ended 31 March 2016

	\$		\$	
Revenue (sales)			142 000	(1)
Inventory at 1 April 2015	36 000			
Purchases	<u>83 100</u>	(1)		
	119 100			
Inventory at 31 March 2016	<u>26 800</u>			
Cost of sales			<u>92 300</u>	(1)
Gross profit			49 700	(1of)
Depreciation	3 720	(1of)		
Rent	12 000	}		
Wages	16 500	}(1)		
Other operating expenses	<u>11 300</u>	(1)		
			<u>43 520</u>	
Profit for the year			<u>6 180</u>	(1of)

[8]

(c)

Rohinton  
Statement of affairs at 31 January 2016

			\$		\$	
Non-current assets						
Fixtures and fittings – cost			4 000	(1)		
– depreciation $4000 \times 0.15 \div 12$			<u>(50)</u>	(1)	3 950	
Current assets						
Inventory			1 211	(1)		
Trade receivable			70	(1)		
Other receivables – rent	2 000	(1)				
– insurance	<u>660</u>	(1)	2 660			
Bank			2 468	(1of)		
Cash			<u>710</u>	(1)	7 119	
Current liabilities						
Trade payable					<u>(550)</u>	(1)
Net assets					<u>10 519</u>	
Capital					<u>10 519</u>	(1of)

[10]

(d)				
		\$		
	Salary	12 000	(1of)	
	Share of loss	<u>(3 880)</u>	(1of)	
	Total	<u>8 120</u>	(1of)	[3]

(e) Interest on drawings might encourage partners to reduce drawings. (1) [1]

(f)  $\frac{49700}{142000} \text{ (1of)} \times \frac{100}{1} = 35\% \text{ (1of)}$  [2]

(g) Cost of sales = [142 000 (1) × (1 – 0.45)(1)] = \$78 100 (1)

(36 000 + 83 100) (1) – 78 100 = 41 000 (1)

OR

		\$	
	Opening inventory	36 000	}
	Purchases	83 100	}(1)
	Cost of sales	<u>(78 100)*</u>	(3)
	Expected closing inventory	<u>41 000</u>	(1of)

\*142 000 (1) – 63 900 (1) = \$78 100 (1) [5]

(h) Any reasonable answer for (1) mark [1]

E.g. Theft, pilferage, damage, obsolescence, more/higher sales activity

[Total: 26]