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**ACCOUNTING**

**0452/11**

Paper 1

**October/November 2016**

MARK SCHEME

Maximum Mark: 120

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**Published**

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**Glossary for Q1**

**(c)**

- A  $600 - 150 = 450$
- B  $600 - 20 = 580$
- C  $600 + 20 = 620$
- D  $600 + 150 = 750$

**(d)**

- A and C  $2000 + 100 - 180 - 1750 = 170$
- B and D  $2000 - 100 + 180 - 1750 = 330$

**(i)**

- A  $9800 - 1120 - 8280 = 400$
- B  $10\ 000 - 1120 - 8280 = 600$
- C  $9800 - 850 - 8280 = 670$
- D  $10\ 000 - 850 - 8280 = 870$

**(j)**

- A  $800 - (820 - 70) = 50$
- B  $(820 + 70) - 800 = 90$
- C  $1200 - (820 + 70) = 310$
- D  $1200 - 820 = 380$

**1 (a) B**

**(b) B**

**(c) A**

**(d) A**

**(e) A**

**(f) C**

**(g) D**

**(h) C**

**(i) D**

**(j) B**

10 × (1) mark

**[Total: 10]**

2 (a) Going concern (1) [1]

(b) To check the arithmetical accuracy of the double entry (1)  
OR  
To help in the preparation of the financial statements (1) [1]

(c) Suspense (1) [1]

(d)

	Debit side	Credit side
Capital		✓
Cash	✓	
Drawings	✓	
Rent	✓	
Sales returns	✓	
Bank overdraft		✓
Machinery	✓	
Discount received		✓
Provision for depreciation		✓
Bad debts	✓	

Any two correct for (1) mark [5]

(e) So that accounts of the same type can be kept together  
To allow division of work  
To allow easier reference  
To allow checking procedures to be introduced  
Any one reason (1) [1]

(f)

Account	Ledger
Insurance	<i>Nominal/general</i>
Sales	Nominal/general <b>(1)</b>
Discount allowed	Nominal/general <b>(1)</b>
Philip, a credit customer	Sales <b>(1)</b>
Purchases	Nominal/general <b>(1)</b>
Amit, a credit supplier	Purchases <b>(1)</b>

[5]

(g) (i) Trade discount –  
to encourage bulk purchases  
to reward business in the same trade  
to allow customers to make a profit  
Any one for **(1)** mark

[1]

(ii) Cash discount - to reward prompt payment **(1)**

[1]

(h) Cash discount **(1)**

[1]

(i)

	debit entry	credit entry
Goods taken	Drawings <b>(1)</b>	Purchases <b>(1)</b>
Computer transferred	Office equipment <b>(1)</b>	Capital <b>(1)</b>

[4]

(j) Business entity **(1)**

[1]

(k)

Interested party	Reason
Karen	To see progress of business
Government department	To check on tax payable
Trade payables/ suppliers	To check on likelihood of receiving money
Bank manager	To decide on whether to give/continue overdraft
Customer	To check on viability of business for continued supply of goods
Potential partner	To see potential rewards for investment
Manager	To see progress of business
Any <b>two</b> for <b>(1)</b> each	Any <b>two</b> related reasons for <b>(1)</b> each

Reasonable alternatives may be rewarded [4]

(l) Financial information is relevant if it affects the business decisions (1) [1]

[Total: 27]

3 (a) Something which the business owns or something which is owed to the business (1) [1]

(b) Non-current asset – any reasonable definition (1) eg an item held for more than 12 months, an item which is not for resale.

Current asset – any reasonable definition (1) eg short term, an item which can be turned into cash quickly. [2]

(c) An amount which is owed by the business (1) [1]

(d) Non-current liability – any reasonable definition (1) eg long term debt

Current liability – any reasonable definition (1) eg an amount owed to be paid within a year [2]

(e) (i) any reasonable suggestion (1) eg oven, computer [1]

(ii) any reasonable suggestion (1) eg flour, yeast, unsold loaves [1]  
Other suitable answers are acceptable.

(f) (i)  $\frac{135480}{14250} = 9.51$  times (1 of) (1) [3]

(ii)  $[(1300 + 700) \times 1.2] - 1400 = 1000$  (1) [3]

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- (g) Any two possible reasons for (1) mark each e.g.  
making a loss, excess drawings, purchase of non-current assets, bad debts, debtors not paying, paying trade payables sooner, increased expenditure on inventory, repayment of loan.

Other suitable answers are acceptable.

[2]

[Total: 16]

4 (a)

		Grindle					
		Fixtures and fittings account					
2015		\$		2015	\$		
Jan 1	Balance b/d	17 200	(1)	Aug 1	Disposal (1)	3 200	(1of)
Mar 1	Bill	3 600	(1)	Dec 31	Balance c/d	17 600	
		20 800				20 800	
2016							
Jan 1	Balance b/d	17 600	(1)				
<b>+1 dates</b>							<b>[6]</b>

- (b) \$17 600 (1) x 0.10 = \$1760 (1)

[2]

(c)

		Grindle					
		Provision for depreciation of fixtures and fittings account					
2015		\$		2015	\$		
Aug 1	Disposal	320	(1of)	Jan 1	Balance b/d	5 800	
Dec 31	Balance c/d	7 240		Dec 31	Income statement	1 760	(1of)
		7 560				7 560	
	<b>+1 dates</b>			2016			
				Jan 1	Balance b/d	7 240	(1of)
							<b>[4]</b>

- (d) Capital expenditure (1)

[1]

- (e) None (1)

[1]

(f)

Increase	Decrease
	✓ (1)

[1]

[Total: 15]

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5 (a) A cost which can be linked to a specific unit of production (1) [1]

(b) Any two correct answers for (1) mark each  
E.g. purchases of cloth, thread, buttons etc., carriage on material, machinists etc., royalties [2]

(c) Factory overhead (1)  
**OR** any example for (1) mark  
e.g. factory supervisor's salary, depreciation of factory machinery, rent of factory building [1]

(d) (i)  $89\,000 + 21\,600 (1) - 100 (1) = \$110\,500 (1of)$  [3]

(ii)

Mistry Clothing			
Income Statement for the year ended 30 June 2016			
	\$	\$	
Revenue		203 220	(1)
Inventory at 1 July 2015	8 800		(1)
Cost of production	110 500		(1of)
Purchases	36 200		(1)
	<u>155 500</u>		
Drawings	(320)		(1)
	<u>155 180</u>		
Inventory at 30 June 2016	19 700		(1)
Cost of sales		<u>135 480</u>	
Gross profit		67 740	(1of)
Selling and distribution expenses	20 760		
Administration expenses	31 760		
		<u>52 520</u>	(1)
Profit for the year		<u>15 220</u>	(1of)

[9]

(e) It is cheaper to buy than produce (1) **OR**

Demand is higher than production at full capacity (1) [1]

(f)

$$\frac{1800 (1)}{750 (1)} = 2.4 : 1 (1)$$

[3]

(g) Sales have slowed down (1)

Inventory has increased (1) [2]

[Total: 22]

6 (a)

Amina and Doreen  
Cash book (bank columns)

		\$		2016		\$
2016				2016		
Jan 1	Capital A	5 000	}	Jan 1	Rent	2 700 (1)
	Capital D	5 000	}{(1)	20	Bertie	3 880 (1)
6	Sales	7 900	(1)	31	Wages	800 (1)
					Balance c/d	<u>10 520</u>
		<u>17 900</u>				<u>17 900</u>
Feb 1	Balance b/d	10 520	(1of)			

[6]

(b) (i)

	\$	\$		
Revenue		8 500	(1)	
Purchases	4 000		(1)	
Closing inventory	<u>(600)</u>		(1)	
Cost of sales		<u>3 400</u>		
Gross profit		<u>5 100</u>	(1of)	

[4]

(ii)

Amina and Doreen  
Calculation of profit for the month ended 31 January 2016

	\$		\$	
Gross profit			5 100	(1of)
Discount received			<u>120</u>	(1)
			5 220	
Rent	900	(1)		
Wages	800	(1)		
Depreciation fixtures and fittings	40	(1)		
Depreciation delivery van	<u>135</u>	(1)		
Profit for the month			<u>1 875</u>	
			<u>3 345</u>	(1of)

[7]



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(c)

Amina and Doreen  
Statement of Financial Position at 31 January 2016

	\$		\$	\$
Non-current assets	Cost		Accumulated depreciation	N B V
Delivery vehicle	8 100 (1)		135 (1of)	7 965
Fixtures and fittings	4 800 (1)		40 (1of)	4 760
	12 900		175	12 725
 Current assets				
Inventory (150 × 4)			600 (1)	
Trade receivable (50 × 10)			500 (1)	
Other receivables			1 800 (1)	
Bank			10 520 (1of)	
Cash			100 (1)	13 520
Total assets				26 245
 Capital				
Amina			13 100 (1)	
Doreen			9 800 (1)	22 900
 Current				
Amina			2 230 (1of)	
Doreen			1 115 (1of)	3 345
				26 245

[13]

[Total: 30]