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 should be read in conjunction with the question paper and the Principal Examiner Report for Teachers.

Cambridge will not enter into discussions about these mark schemes.

Cambridge is publishing the mark schemes for the May/June 2013 series for most IGCSE, GCE Advanced Level and Advanced Subsidiary Level components and some Ordinary Level components.
1 (a) C
(b) B
(c) D
(d) A
(e) D
(f) C
(g) C
(h) B
(i) B
(j) A
(1) Mark each [Total: 10]

2 (a) Asset – Liabilities = Capital [1]

(b) Bookkeeping – detailed recording of all financial transactions of a business (2)
Accounting – preparing financial statements at regular intervals from the bookkeeping records (2) [4]

(c) Teresa
Trial Balance at 31 January 2013

<table>
<thead>
<tr>
<th></th>
<th>$</th>
<th>$</th>
</tr>
</thead>
<tbody>
<tr>
<td>Drawings</td>
<td>29 100 (1)</td>
<td></td>
</tr>
<tr>
<td>Vehicles</td>
<td>16 200</td>
<td></td>
</tr>
<tr>
<td>Rent</td>
<td>3 400</td>
<td></td>
</tr>
<tr>
<td>Inventory at 1 February 2012</td>
<td>19 100 (1)</td>
<td></td>
</tr>
<tr>
<td>Equipment</td>
<td>12 100</td>
<td></td>
</tr>
<tr>
<td>Trade payables</td>
<td></td>
<td>16 600 (1)</td>
</tr>
<tr>
<td>Trade receivables</td>
<td>19 300 (1)</td>
<td></td>
</tr>
<tr>
<td>Sales</td>
<td></td>
<td>210 100</td>
</tr>
<tr>
<td>Purchases</td>
<td>131 600</td>
<td></td>
</tr>
<tr>
<td>Carriage inwards</td>
<td>400 (1)</td>
<td></td>
</tr>
<tr>
<td>Discount received</td>
<td></td>
<td>1 100 (1)</td>
</tr>
<tr>
<td>Bank overdraft</td>
<td></td>
<td>17 000</td>
</tr>
<tr>
<td>Wages</td>
<td>21 800</td>
<td></td>
</tr>
<tr>
<td>General expenses</td>
<td>11 200</td>
<td></td>
</tr>
<tr>
<td>Capital</td>
<td></td>
<td>19 400 (1) OF</td>
</tr>
<tr>
<td></td>
<td>264 200</td>
<td>264 200 (1) CF</td>
</tr>
</tbody>
</table>

[8]
(d) Any two from –
   Omission  (1)
   A transaction is completely omitted from the books  (2)
   Commission  (1)
   A transaction is posted to the wrong account of the same class  (2)
   Principle  (1)
   A transaction is posted to an account of the wrong class  (2)
   Original entry  (1)
   An incorrect figure is used when the transaction is first recorded  (2)
   Reversal  (1)
   A debit entry is posted on the credit side and vice versa  (2)
   Compensating  (1)
   Two or more errors cancel each other out  (2)

Naming any 2 errors (1) each
Describing the two named errors (2) each  [6]

(e) Teresa
   Capital account

   $                                      $  
   2013                2012
   Jan 31 Drawings    29 100   (1)  Feb 1 Balance b/d 19 400   (1) OF
   Balance c/d        38 500                         2013
   Jan 31 Profit for year 48 200   (1)   67 600
   67 600
   2013                2013
   Feb 1 Balance b/d  38 500   (1) OF

[Dates and narratives not required]  [4]

(f) To monitor progress (1) using accounting ratios (1)
   For decision-making (1) for future planning (1)
   For comparison purposes (1) with previous years or other businesses (1)  [2]

[Total: 25]

3 (a)

<table>
<thead>
<tr>
<th>Consistency</th>
<th>(1)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Duality</td>
<td>(1)</td>
</tr>
<tr>
<td>Money measurement</td>
<td>(1)</td>
</tr>
<tr>
<td>Prudence</td>
<td>(1)</td>
</tr>
<tr>
<td>Going concern</td>
<td>(1)</td>
</tr>
</tbody>
</table>

[5]
(b) One from –
   Jacqui made bulk purchases
   Jacqui is in the same trade
   Jacqui is a regular customer

   Any one reason (2) [2]

(c) (i) \(5\% \times 60 = 3\) [1]

   (ii)

<table>
<thead>
<tr>
<th>Account to be debited</th>
<th>Account to be credited</th>
</tr>
</thead>
<tbody>
<tr>
<td>Discount allowed</td>
<td>Jacqui (1)</td>
</tr>
</tbody>
</table>

   (iii) One from –
   Jacqui made prompt payment
   Jacqui paid before the due date

   Any one reason (2) [2]

(d)

<table>
<thead>
<tr>
<th>Account</th>
<th>Trading business</th>
<th>Service business</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accountant</td>
<td></td>
<td>✓ for both</td>
</tr>
<tr>
<td>Hairdresser</td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td>Car dealer</td>
<td>✓ for both</td>
<td></td>
</tr>
<tr>
<td>Computer component manufacturer</td>
<td></td>
<td>✓</td>
</tr>
</tbody>
</table>

[2]

[Total: 14]
4 (a)  
Clothilde  
Manufacturing Account for the year ended 31 January 2013

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening inventory of raw materials</td>
<td>$3,600</td>
</tr>
<tr>
<td>Purchases of raw materials</td>
<td>$190,800</td>
</tr>
<tr>
<td>Carriage on raw materials</td>
<td>$1,100</td>
</tr>
<tr>
<td></td>
<td>$195,500</td>
</tr>
<tr>
<td>Less Closing inventory of raw materials</td>
<td>$6,200</td>
</tr>
<tr>
<td>Cost of materials consumed</td>
<td>$189,300</td>
</tr>
<tr>
<td>Direct wages</td>
<td>$86,000</td>
</tr>
<tr>
<td>Prime cost</td>
<td>$275,300</td>
</tr>
<tr>
<td>Factory overheads</td>
<td></td>
</tr>
<tr>
<td>Supervisor's salary</td>
<td>$15,000</td>
</tr>
<tr>
<td>Factory rent 80% × 30,000</td>
<td>$24,000</td>
</tr>
<tr>
<td>Factory power 80% × 25,000</td>
<td>$20,000</td>
</tr>
<tr>
<td>Factory insurance 80% × 5,000</td>
<td>$4,000</td>
</tr>
<tr>
<td>Depreciation of machinery</td>
<td>$3,000</td>
</tr>
<tr>
<td>Opening work in progress</td>
<td>$5,800</td>
</tr>
<tr>
<td>Closing work in progress</td>
<td>$6,100</td>
</tr>
<tr>
<td>Production cost of goods completed (1)</td>
<td>$341,000</td>
</tr>
</tbody>
</table>

[16]

(b)  
Production cost of goods completed               | $341,000 (1) OF |
Opening inventory of finished goods               | $19,600        |
Closing inventory of finished goods               | $26,600 (1) for both inventories |
Cost of sales                                      | $334,000 (1) OF |

[3]

(c)  
$334,000 (1) OF + 50% = $501,000 (1) OF

[2]

[Total: 21]
5 (a) Ledger account

(b) Rent account

\[
\begin{array}{llll}
\text{2012} & \text{2012} \\
\text{Jan 1 Balance b/d} & 6000 (1) & \text{Dec 31 Income} & 37200 (1) \text{ OF} \\
\text{Feb 28 Bank /Cash} & 18000 (1) & \text{statement} & \\
\text{Sept 1 Bank /Cash} & 19800 (1) & \text{Balance c/d} & 6600 \\
\end{array}
\]

\[
43800 \quad 43800
\]

\[
\text{2013} \\
\text{Jan 1 Balance b/d} & 6600 (1) \text{ OF} \\
\]

+ (1) dates

\[
\begin{array}{llll}
\text{Commission payable account} & \text{2012} & \text{2012} \\
\text{Dec 31 Bank /Cash} & 18100 (1) & \text{Jan 1 Balance b/d} & 1700 (1) \\
\text{Bank /Cash} & 150 & \text{Dec 31 Income} & \\
\text{Balance c/d} & & \text{statement} & 17550 (1) \text{ OF} \\
\end{array}
\]

\[
19250 \quad 19250
\]

\[
\text{2013} \\
\text{Jan 1 Balance b/d} & 1150 (1) \text{ OF} \\
\]

+ (1) dates

\[
\begin{array}{llll}
\text{Stationery account} & \text{2012} & \text{2012} \\
\text{Jan 1 Balance b/d} & 120 (1) & \text{Dec 31 Income} & 1910 (1) \text{ CF} \\
\text{Dec 31 Bank /Cash} & 1880 (1) & \text{statement} & 90 \\
\text{Bank /Cash} & & \text{Balance c/d} & \\
\end{array}
\]

\[
2000 \quad 2000
\]

\[
\text{2013} \\
\text{Jan 1 Balance b/d} & 90 (1) \text{ OF} \\
\]

+ (1) dates

\[
\begin{array}{llll}
\text{(c)} \\
\text{Ledger account} & \text{Balance sheet} & \text{Heading} & \text{Item} \\
\text{Commission payable} & \text{Current liabilities} (1) & \text{Other payables} (1) \\
\text{Stationery} & \text{Current assets} (1) & \text{Other receivables} (1) \\
\end{array}
\]

(d) **Journal**

<table>
<thead>
<tr>
<th></th>
<th>Debit $</th>
<th>Credit $</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales Cash</td>
<td>250</td>
<td>250</td>
</tr>
<tr>
<td>Drawings Purchases</td>
<td>150</td>
<td>150</td>
</tr>
</tbody>
</table>

[Total: 26]
<table>
<thead>
<tr>
<th></th>
<th>Mark Scheme</th>
<th>Syllabus</th>
<th>Paper</th>
</tr>
</thead>
<tbody>
<tr>
<td>6</td>
<td>(a) (i) At 31 March 2012&lt;br&gt;3.07 : 1 (2) CF&lt;br&gt;At 31 March 2013&lt;br&gt;1.67 : 1 (2) CF</td>
<td>IGCSE – May/June 2013</td>
<td>0452</td>
</tr>
<tr>
<td></td>
<td>(ii) Any one from –&lt;br&gt;Increase in trade receivables&lt;br&gt;Increase in trade payables&lt;br&gt;Change in bank balance to overdrawn&lt;br&gt;Any one reason (1)</td>
<td></td>
<td>12</td>
</tr>
<tr>
<td>(b) (i) At 31 March 2012&lt;br&gt;1.71 : 1 (2) CF&lt;br&gt;At 31 March 2013&lt;br&gt;0.67 : 1 (2) CF</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(ii) Any one from –&lt;br&gt;May have difficulty in paying debts when due&lt;br&gt;May not be able to obtain further supplies on credit&lt;br&gt;Cannot take advantage of cash discounts&lt;br&gt;Cannot take advantage of business opportunities when they arise&lt;br&gt;Any one effect (2)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(c) Any two from –&lt;br&gt;Purchase of non-current assets&lt;br&gt;Purchase of inventory&lt;br&gt;Dividends paid/tax paid&lt;br&gt;Increase in debtors/non payment by debtors&lt;br&gt;Any two reasons (1) each</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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Appropriation Account for the year ended 31 March 2013

\[
\begin{array}{rr}
\text{Profit for the year} & 26\,000\text{ (1)} \\
\text{Less Transfer to general reserve} & 10\,000\text{ (1)} \\
\text{Ordinary share dividend paid} & 14\,000 \\
\text{(6000 (1) + 8000 (1))} & 24\,000\text{ (1) OF} \\
\text{Retained profit brought forward} & 29\,000\text{ (1)} \\
\text{Retained profit carried forward} & 31\,000\text{ (1)} \\
\end{array}
\]

(e) Any one from –
To set aside profit for re-investment
To indicate that part of the profit is not available for distribution
To set aside profit for payment of future dividends

Any one reason (2) [2]

(f) Authorised share capital
The total share capital a company is allowed to issue (1)

Issued share capital
The amount of the share capital which a company has actually issued to shareholders (1) [2]

[Total: 24]