UNIVERSITY OF CAMBRIDGE INTERNATIONAL EXAMINATIONS

International General Certificate of Secondary Education

# MARK SCHEME for the May/June 2011 question paper

# for the guidance of teachers

## 0452 ACCOUNTING

**0452/11** 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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**1** Key

**(a) A** [1]

**(b) B** [1]

**(c) D** [1]

**(d) B** [1]

**(e) C** [1]

**(f) A** [1]

**(g) B** [1]

**(h) C** [1]

**(i) D** [1]

**(j) B** [1]

**[Total: 10]**

**2** **(a)** Cash book, petty cash book, sales day book (journal), sales returns day book (journal), purchases day book (journal), purchases returns day book (journal), journal.
(Any two, 1 mark each). [2]

**(b)** To calculate the [net] profit [or loss] [for the year] – *not gross profit.* [1]

**(c)**

| | Income | Expense |
|---|---|---|
| Carriage outwards | | ✓(1) |
| Bad debt recovered | ✓(1) | |
| Discount received | ✓(1) | |

[3]

**(d)** The petty cashier has a fixed amount of money (the imprest) (1) and is reimbursed the amount of the actual expenses each period (1) to maintain this amount. [2]

**(e)** **(i)** Consistency [1]

**(ii)** Reliability [1]

**(f)** Current assets (1) *less* Current liabilities (1) [2]

**(g)** **(i)** Working capital = Trade receivables + bank + inventory – trade payables
= (1300 + 3500 + 2900) *(7700)* (1) – 1800 (1)
= 5900 (1)OF [3]

**(ii)** Quick ratio = current assets less inventory / current liabilities
= (7700 – 2900) *(4800)* (1) / 1800 (1)
= 2.67 : 1 (1)OF *(accept 2.66 : 1)* [3]

**(h)** Ordinary shares (equity shares), preference shares. [2]

**[Total: 20]**

**3 (a)** Alcazar – credit sales

| | | $ | | |
|---|---|---|---|---|
| Bank deposits | | 15 270 | (1) | |
| *Less* cash sales | | 2 680 | (1) | |
| | | 12 590 | | |
| *Add* trade receivables at 31 March 2011 | 4 080 | | | |
| *Less* trade receivables at 1 April 2010 | 3 140 | | | |
| | | 940 | (1) | |
| | | 13 530 | (1)OF | [4] |

**(b)**

Alcazar
Income Statement for the year ended 31 March 2011

| | | $ | | $ | | |
|---|---|---|---|---|---|---|
| Revenue | – credit sales | | | 13 530 | (1)OF | |
| | – cash sales | | | 2 680 | (1) | |
| | | | | 16 210 | | |
| *Less* | Cost of sales | | | | | |
| | Inventory at 1 April 2010 | 1 780 | (1) | | | |
| | Purchases | 9 560 | (1) | | | |
| | Carriage inwards | 280 | (1) | | | |
| | | 11 620 | | | | |
| | Inventory at 31 March 2011 | 1 920 | (1) | | | |
| | | | | 9 700 | | |
| Gross profit *(must be correct caption)* | | | | 6 510 | (1)OF | |
| Rent | | 600 | (1) | | | |
| Electricity | | 360 | (1) | | | |
| Insurance | | 580 | (1) | | | |
| Wages | | 1 370 | (1) | | | |
| | | | | 2 910 | | |
| [Net] Profit [for the year] *(must have caption)* | | | | 3 600 | (1)OF | [12] |

**(c)** **(i)** Gross profit / sales = 6510 (1)OF / 16210 (1)OF = 40.16% (1)OF [3]

**(ii)** Net profit / sales = 3600 (1)OF / 16210 (1)OF = 22.21% (1)OF [3]

**(d)** **(i)** New gross profit / new sales = 9010 (1)OF / 18710 (1)OF = 48.16% (1)OF [3]

**(ii)** Increased (1)OF [1]

**[Total: 26]**

4 (a) An **other payable (accrued expense)** is an amount due and payable [in respect of expenses incurred in an accounting period] (1) which remains unpaid at the end of that period (1). [2]

(b)

Khalim
Fuel expenses account

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| | | | | 2010 | | | |
| | | | | 1 May | Balance b/d | 30 | (1) |
| 2011 | | | | 2011 | | | |
| 30 April | Bank | 340 | (1) | 30 April | Income statement | 360 | (1)OF |
| | Balance c/d | 50 | (1) | | *(accept profit/loss acc)* | | |
| | | 390 | | | | 390 | |
| | | | | 1 May | Balance b/d | 50 | (1) |

(+ 1 for all correct dates)
[6]

(c)

| | Non-current tangible | Non-current intangible | Current |
|---|---|---|---|
| Warehouse | ✓(1) | | |
| Goodwill | | ✓(1) | |
| Motor van | ✓(1) | | |
| Trade receivables | | | ✓(1) |

[4]

(d) At the lower (1) of cost (1) and net realisable value (1) [3]

(e)

| Chair type | Units in stock | Cost or net realisable value per unit $ | Total value $ |
|---|---|---|---|
| Armchair | 15 (1) | 55 (1) | 825 |
| Dining chair | 36 (1) | 20 (2) | 720 |
| Folding chair | 60 (1) | 15 (1) | 900 |
| | | | 2 445 (1) |

[8]

**[Total: 23]**

**5** **(a)** Straight line method, revaluation method (1 mark each) [2]

**(b)** Depreciation

**(i)** **Year 1** 4500 (1) @ 40% (1) = 1800 (1)OF

**(ii)** **Year 2** (4500 – 1800) = 2700 (2)OF @ 40% = 1080 (1)OF

**(iii)** **Year 3** (2700 – 1080) = 1620 (2)OF @ 40% = 648 (1)OF

[9]

**(c)**

Piranha Limited
Balance Sheet at end of third year (extract)

| | Cost | Provision for Depreciation | Net book value |
|---|---|---|---|
| | $ | $ | $ |
| Non-current assets | | | |
| Computer system | 4500 (1) | 3528 (1)OF | 972 (1)OF |

[3]

**(d)** Depreciation rate should have been higher (1) because net book value after three years ($972) is greater than expected scrap value after three years ($750) (1) [2]

**(e)**

| | Increase | Decrease | No effect |
|---|---|---|---|
| Net profit | | | ✓(2) |
| Working capital | ✓(2) | | |
| Return on capital employed | | ✓(2) | |

[6]

**[Total: 22]**

6 (a)

Error 1

| | Dr | Cr |
|---|---|---|
| Suspense | 180 (1) | |
| [Carlo] – [loan] | | 180 (1) |

Error 2

| | | |
|---|---|---|
| Cash [book] | 850 (1) | |
| Sales | | 850 (1) |

Error 3

| | | |
|---|---|---|
| Purchases | 900 (1) | |
| Suspense | | 900 (1) |

Error 4

| | | |
|---|---|---|
| Fixtures and fittings | 1200 (1) | |
| Repairs | | 1200 (1) |

[8]

(b)

Monica
Suspense account

| | | | | | |
|---|---|---|---|---|---|
| [Difference on] trial balance (1) | 720 | (1) | Purchases (1) | 900 | (1) |
| Carlo – loan account (1) | 180 | (1) | | | |
| | 900 | | | 900 | |

[6]

**(c)**

Monica
Statement of corrected profit for the year ended 28 February 2011

| | | | |
| --- | --- | --- | --- |
| Draft profit | | 3600 | (1) |
| Error 1: | no effect | | |
| Error 2: | add: sales | 850 | (1) |
| Error 3: | less: purchases | (900) | (1) |
| Error 4: | add: repairs | 1200 | (1) |
| Corrected profit | | 4750 | (1)OF |

[5]

**[Total: 19]**