### 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.

Mark schemes must be read in conjunction with the question papers and the report on the examination.

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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]


(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  

(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)  
Gross profit (must be correct caption) 6 510 (1)OF  
Rent 600 (1)  
Electricity 360 (1)  
Insurance 580 (1)  
Wages 1 370 (1)  
[Net] Profit [for the year] (must have caption) 2 910 (1)OF  
3 600 (1)OF  

(c) (i)  
Gross profit / sales = 6510 (1)OF / 16210 (1)OF = 40.16% (1)OF  

(ii)  
Net profit / sales = 3600 (1)OF / 16210 (1)OF = 22.21% (1)OF  

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

(ii)  
Increased (1)OF  

[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

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>30 April Bank</td>
<td>340 (1)</td>
<td>30 (1)</td>
</tr>
<tr>
<td>Balance c/d</td>
<td>50 (1)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>390</td>
<td></td>
</tr>
<tr>
<td>1 May Balance b/d</td>
<td>360 (1)OF</td>
<td>390</td>
</tr>
<tr>
<td>Income statement</td>
<td>(accept profit/loss acc)</td>
<td>50 (1)</td>
</tr>
</tbody>
</table>

(+ 1 for all correct dates) [6]

(c) | Non-current tangible | Non-current intangible | Current |
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Warehouse</td>
<td>✓ (1)</td>
<td></td>
</tr>
<tr>
<td>Goodwill</td>
<td></td>
<td>✓ (1)</td>
</tr>
<tr>
<td>Motor van</td>
<td>✓ (1)</td>
<td></td>
</tr>
<tr>
<td>Trade receivables</td>
<td></td>
<td>✓ (1)</td>
</tr>
</tbody>
</table>

[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 |
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Armchair</td>
<td>15 (1)</td>
<td>55 (1)</td>
<td>825</td>
</tr>
<tr>
<td>Dining chair</td>
<td>36 (1)</td>
<td>20 (2)</td>
<td>720</td>
</tr>
<tr>
<td>Folding chair</td>
<td>60 (1)</td>
<td>15 (1)</td>
<td>900</td>
</tr>
</tbody>
</table>

| Total: 23 |

2 445 (1) [8]
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)

<table>
<thead>
<tr>
<th></th>
<th>Cost</th>
<th>Provision for Depreciation</th>
<th>Net book value</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Non-current assets</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
| 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)

<table>
<thead>
<tr>
<th></th>
<th>Increase</th>
<th>Decrease</th>
<th>No effect</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net profit</td>
<td></td>
<td></td>
<td>✓(2)</td>
</tr>
<tr>
<td>Working capital</td>
<td>✓(2)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Return on capital employed</td>
<td></td>
<td>✓(2)</td>
<td></td>
</tr>
</tbody>
</table>

[Total: 22]
6 (a)

<table>
<thead>
<tr>
<th>Error 1</th>
<th>Dr</th>
<th>Cr</th>
</tr>
</thead>
<tbody>
<tr>
<td>Suspense</td>
<td>180 (1)</td>
<td></td>
</tr>
<tr>
<td>[Carlo] – [loan]</td>
<td></td>
<td>180 (1)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Error 2</th>
<th>Dr</th>
<th>Cr</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash [book]</td>
<td>850 (1)</td>
<td></td>
</tr>
<tr>
<td>Sales</td>
<td></td>
<td>850 (1)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Error 3</th>
<th>Dr</th>
<th>Cr</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchases</td>
<td>900 (1)</td>
<td></td>
</tr>
<tr>
<td>Suspense</td>
<td></td>
<td>900 (1)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Error 4</th>
<th>Dr</th>
<th>Cr</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fixtures and fittings</td>
<td>1200 (1)</td>
<td></td>
</tr>
<tr>
<td>Repairs</td>
<td></td>
<td>1200 (1)</td>
</tr>
</tbody>
</table>

(b)

Monica
Suspense account

<table>
<thead>
<tr>
<th>Difference on] trial balance (1)</th>
<th>720 (1)</th>
<th>Purchases (1)</th>
<th>900 (1)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Carlo – loan account (1)</td>
<td>180 (1)</td>
<td>900</td>
<td>900</td>
</tr>
</tbody>
</table>
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]