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

0452/13   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**

(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

  (ii) Reliability

(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]
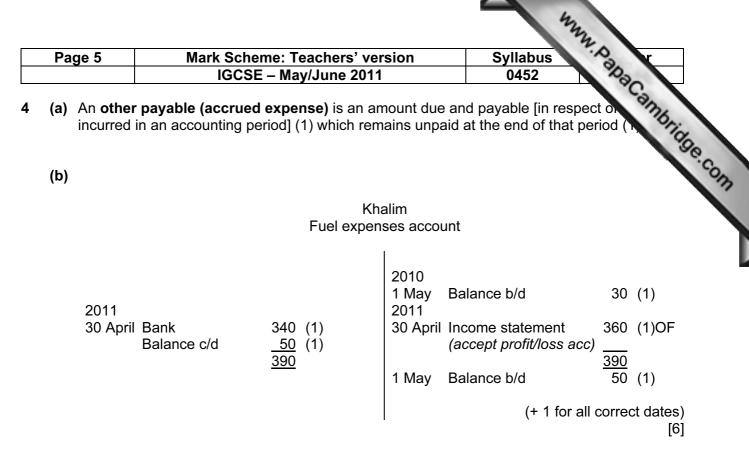
3 (a)

<div align="center">Alcazar – credit sales</div>

		$		
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)

<div align="center">Alcazar
Income Statement for the year ended 31 March 2011</div>

		$		$		
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 incurred in an accounting period] (1) which remains unpaid at the end of that period (1)

(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)

(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

	Dr	Cr
Cash [book]	850 (1)	
Sales		850 (1)

Error 3

	Dr	Cr
Purchases	900 (1)	
Suspense		900 (1)

Error 4

	Dr	Cr
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]