UNIVERSITY OF CAMBRIDGE INTERNATIONAL EXAMINATIONS
International General Certificate of Secondary Education

ACCOUNTING **0452/01**

Paper 1 **For Examination from 2010**

SPECIMEN MARK SCHEME

1 hour 45 minutes

MAXIMUM MARK: 120

This document consists of **6** printed pages.

UNIVERSITY *of* CAMBRIDGE
International Examinations

[Turn over

1

Question Number	Key	Question Number	Key
(a)	B	(f)	C
(b)	A	(g)	B
(c)	C	(h)	D
(d)	D0	(i)	A
(e)	A	(j)	C

[Total: 10]

2 **(a)** Statement of account [1]

(b) Costs **(1)** must be matched against related income **(1)** [2]

(c) Error of commission **(2)**

(d)

	Capital	Revenue
Purchase of motor van	✓**(1)**	
Renew tyres for motor van		✓**(1)**
Painting business name on motor van	✓**(1)**	

[3]

(e) Assist in locating errors
Proof of arithmetical accuracy of ledgers
Total trade receivables (debtors) figure available
Ease in preparing financial statements (final accounts)
Reduce fraud
Provide helpful summary of transactions

(Any two items, 1 mark each) [2]

(f)

Paid amount 21 April	80	**(1)**
Less: accrued at 31 March	<u>70</u>	**(1)**
	10	
Add: accrual at 30 April	<u>90</u>	**(1)**
Income statement (profit and loss account), April	<u>100</u>	**(1)**

[4]

(g) 10 000 Ordinary shares @ $1.00 = $ 10 000 **(1)**

8 000 Preference shares @ $1.50 = $ 12 000 **(1)**

Total share capital = $ 22 000 **(2)** [4]

(h) Gross profit = 80 000 (1) x 40% (1) = 32 000

Expenses = 20 000 **(1)**

Net profit = 12 000 **(1)**

Percentage: 12 000 / 80 000 = 15.0% **(1)** [5]

[Total: 23]

3 (a) Safina – Cash Book (bank columns)

2010		$	2010		$
Apl 30	Balance b/d	620 **(1)**	Apl 30	Bank charges	15 **(1)**
	Bank interest	20 **(1)**		Direct debits	40 **(1)**
	Bank transfer	130 **(1)**		Dishonoured cheque	65 **(2)**
				Balance c/d	650 **(1)**
		770			770
May 1	Balance b/d	650			

[8]

(b) Bank reconciliation statement at 30 April 2010

	$
Balance on updated cash book (from **(a)** above)	650 **(2)OF**
Adjustments:	
Add: Receipts not yet deposited at bank	310 **(2)**
Less: Cheques written out not yet paid	250 **(2)**
Expected balance on bank statement at 30 April 2010	710 **(2)**

[8]

(c) (i) and (ii) Incorrect entry in cash book
Transposition of figures in cash book
Casting error on cash book page
Item on bank statement omitted from cash book
– or similar explanations

Correct by journal entries to adjust balance on cash book or similar explanations
– examples may be given but are not required

(1 mark for error and 2 marks for relating corrections to specific errors) × 2 [6]

[Total: 22]

4 **(a)** Physical deterioration – wear and tear
Obsolescence – not meeting needs of business
Passage of time
Neglect, poor physical care
Depletion (as in mines etc)
(– any other sensible reason, 1 mark each) [2]

(b) **(i)** $1200 **(1)** x 15% **(1)** = $180 **(1)** [3]

(ii) $1200-180 = 1020 **(1) OF** x 15% **(1)** = $153 **(1)** [3]

(c) Provision for depreciation account – machine

2009		$	2009		$
Mar 31	Balance c/d	180	Mar 31	Income statement (profit and loss)	180 **(1) OF**
		180			180
2010			2009		
Mar 31	Balance c/d	333	Apl 1	Balance b/d	180 **(1) OF**
			Mar 31	Income statement (profit and loss)	153 **(1) OF**
		333			333
			2010		
			Apl 1	Balance b/d	333 **(1) OF**

[4]

(d) Disposal of machinery account

2010		$	2010		$
Apl 1	Machinery	1200 **(2)**	Apl 1	Provision for depreciation	333 **(2) OF**
				Bank/cash	750 **(2)**
			2011		
			Mar 31	Income statement (profit and loss)	117 **(2) OF**
		1200			1200

[8]

(e) As there has been a loss on sale of the machine, Paul might have charged depreciation at a higher rate or on a different basis to write off its value more accurately. [2]

[Total: 22]

5 **(a)** The basis of stock valuation is the lower (1) of cost (1) and net realisable value. (1) [3]

(b) **(i)** 5 000 **(1)**

(ii) 1 April 2009 **(1)**

(iii) 80 000 **(1)**

(iv) Inwards **(1)**

(v) 37 000 **(1)**

(vi) 5600 **(1)**

(vii) Profit for the year (net profit) **(1)**

(viii) 27 800 **(1) OF**

[8]

(c) Rate of inventory (stock) turnover = Cost of sales / average inventory (stock)

= 88 000 **(1)** / (42 000 + 36 000) **(1)** / 2 **(1)**

= 2.26 times **(1)** [4]

(d) **(i)** Decrease [2]

(ii) 88 000 / (42 000 + 32 000) **(1)** / 2

= 2.38 times **(1)** [2]

[Total: 19]

6 **(a)** Kinoto Limited – Profit and Loss Appropriation Account
for the year ended 30 June 2010

		$	$		
Profit for the year (net profit)			16 000	**(1)**	
Less:	Proposed dividend (10 000 @ $0.25)	2 500 **(1)**			
	Transfer to general reserve	5 000 **(1)**			
			7 500		
Retained profit for the year			8 500	**(1)**	**OF**
Retained profit brought forward			47 200	**(1)**	
Retained profit at 30 June 2010			55 700	**(1)**	**OF** [6]

(b) Kinoto Limited – Balance Sheet at 30 June 2010

	Cost	Provision for depreciation	Net book value
	$	$	$
Non-current (fixed) assets			
Machinery	17 000	1 900	15 100
Office equipment	2 500	500	2 000
	19 500 **(1)**	2 400 **(1)**	17 100 **(1)**
Current assets			
Inventory (stock)		3 900	
Trade receivables (debtors)		33 500 **(1)**	
Other receivables (prepayments)		600	
Bank		25 000 **(1)**	
Cash		200 **(1)**	
		63 200	
Less Current liabilities			
Trade payables (creditors)	1 800		
Other payables (accruals)	300 **(1)**		
Proposed dividend	2 500 **(1)**		
		4 600	
Net current assets			58 600 **(1)**
Total assets			75 700
Non-current (long term) liability			
Bank loan repayable 2016			5 000 **(1)**
			70 700
Share capital			
Ordinary shares of $1 each			10 000 **(1)**
Reserves			
General reserve			5 000 **(1)**
Profit and loss account (retained profits)			55 700 **(1) OF**
			70 700 **(1)** (to agree)

[14]

(c) Return on capital employed = Profit for year (net profit) / opening capital x 100%

= 16 000 **(1)** / 57 200 **(2)** x 100%

= 27.97% **(1) OF** [4]

[Total: 24]