



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.



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Question Number	Key	Question Number	Key
(a)	C	(f)	C
(b)	A	(g)	B
(c)	C	(h)	D
(d)	C	(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 debtors figure available
 Ease in preparing 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 70 (1)
 10
 Add: accrual at 30 April 90 (1)
 Profit and Loss account, April 100 (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)

	Dr		Cr
Balance b/d	620 (1)		
		Bank charges	15 (1)
		Direct debits	40 (1)
Bank interest	20 (1)		
Bank transfer	130 (1)		
		Dishonoured cheque	65 (2)
		Balance c/d	650 (1)
Total	770	Total	770

[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)** 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 [2]
- (ii)** Correct by journal entries to adjust balance on cash book or similar explanations
 – examples may be given but are not required
 (2 marks for relating corrections to specific errors) [4]

[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)
 (ii) \$1200-180 = 1020 (1) OF x 15% (1) = \$153 (1) [6]

- (c) Provision for depreciation account – machine

31/3/09 Balance c/down	<u>180</u>	31/3/09 Profit and loss a/c	<u>180</u> (1) OF
		1/4/09 Balance b/down	<u>180</u> (1) OF
31/3/07 Balance c/down	<u>333</u>	31/3/10 Profit and loss a/c	<u>153</u> (1) OF
	<u>333</u>		<u>333</u>
		1/4/10 Balance b/down	333(1) OF

[4]

- (d) Disposal of fixed assets account

1/04/10 Fixed asset	1200 (2)	1/04/10 Provision for depreciation	333 (2) OF
		1/04/10 Bank	750 (2)
		1/04/10 Profit and loss a/c	<u>117</u> (2) OF
	<u>1200</u>		<u>1200</u>

[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) Net profit (1)
- (viii) 27 800 (1) OF [8]

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

$$= 88\,000 (1) / (42\,000 + 36\,000) (1) / 2 (1)$$

$$= 2.26 \text{ times } (1) [4]$$

(d) (i) Decrease [2]

(ii) $88\,000 / (42\,000 + 32\,000) (1) / 2$

$$= 2.38 \text{ times } (1) [2]$$

[Total: 19]

- 6 (a) Kinoto Limited – Profit and Loss Appropriation account
Year ended 30 June 2010

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

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

	Cost	Provision for depreciation	Net book value
	\$	\$	\$
Fixed assets			
Machinery	17 000	1 900	15 100
Office equipment	<u>2 500</u>	<u>500</u>	<u>2 000</u>
	<u>19 500</u> (1)	<u>2 400</u> (1)	17 100 (1)
Current assets			
Stock		3 900	} (1)
Debtors		33 500	
Prepayments		600	} (1)
Bank		25 000	
Cash		<u>200</u>	(1)
		63 200	
Less current liabilities			
Creditors	1 800		(1)
Accrued expenses	300		
Proposed dividend	2 500		(1)
		<u>4 600</u>	
Net current assets			<u>58 600</u> (1)
Total assets			75 700
Long term liability			
Bank loan repayable 2016			<u>5 000</u> (1)
			<u>70 700</u>
Share capital			
Ordinary shares of \$1 each			10 000 (1)
Reserves			
General reserve			5 000 (1)
Profit and loss account (retained profits)			<u>55 700</u> (1) OF
			<u>70 700</u> (1)
			(to agree)
			[14]

(c) Return on capital employed = Net profit / opening capital x 100%

$$= 16\,000 (1) / 57\,200 (2) \times 100\%$$

$$= 27.97\% (1) \text{ OF}$$

[4]

[Total: 24]