UNIVERSITY OF CAMBRIDGE INTERNATIONAL EXAMINATIONS

International General Certificate of Secondary Education

MARK SCHEME for the May/June 2010 question paper

for the guidance of teachers

0452 ACCOUNTING

0452/11 Paper 11, 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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UNIVERSITY of CAMBRIDGE
International Examinations

MARKING GUIDELINES

- Award marks only in accordance with the mark scheme.

- Where a candidate makes an arithmetical error or selects the wrong figure in an account or a calculation, so that totals or the results of the calculation are wrong but are correct on his own figures, he will lose the mark for selecting the original figure but may earn an own figure (OF) mark for the result, total or calculation.

- Where particular wording is shown on the mark scheme accept any reasonable spelling and abbreviation as long as the meaning is clear.
  For example, for "Balance brought down" accept Balance b/down, Balance b/d, Balance, Bal b/down, Bal b/d, Bal, Brought down, b/down, b/d, but not Bbd, bd, or any variation of "Balance carried down".

- Where a ledger account is to be prepared, each mark is usually for the date, narrative and amount together. If the candidate has correctly prepared the account but not shown some or all of the dates he may earn some marks according to the mark scheme.

- If a ledger account is completely reversed no marks will be awarded for individual entries but there may be marks available for own figure balances carried and brought down

- Where an answer is to be shown as a ratio, it should be shown as xx:1 and not as 1:xx. An answer of just the correct figure xx may be accepted but not if any other description such as %, times, days etc is shown and not if shown as negative when it should be positive.

- Where a calculation is to be shown to two decimal places, an answer rounded up or down may be accepted (e.g. 2.85 or 2.86 if the true answer is 2.853) but not an answer shown to only the nearest whole number or one decimal place (e.g. 2.8 or 3).

- Where dollars and cents are shown in a question and exact cents are required in a calculated answer (e.g. $35.60) many candidates will show $35.6 as their calculators will suppress the final 0. Although wrong this may be accepted. The $ sign is not required.

- Ledger accounts may be accepted in either two sided or the running balance format and the mark scheme will show how marks should be allocated.

- Where a final account is requested, a list of items will not normally earn any marks.

- If candidates are required to prepare a Balance Sheet, either a two sided or a vertical presentation will be accepted and the mark scheme will show how marks are to be awarded.

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1

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

[Total: 10]

2 **(a)** Property (Land and buildings)*(only one mark)*
Fixtures and fittings
Plant and equipment (machinery)*(only one mark)*
Office equipment
Motor vehicles
Any two [2]

(b)

	Debit entry	Credit entry
Sales returns account	✓ **(1)**	

[1]

(c) Consistency [1]

(d) Net book value = Cost **(1)** less accumulated depreciation **(1)** [2]

(e) Income statement (Trading and profit and loss account) [1]
(must include the word "trading")

(f) Accruals (matching), ***not*** *prudence* [1]

(g) **(i)** Percentage of gross profit to sales
= (75 000 **(1)** – 52 500 **(1)**) / 75 000 **(1)** × 100%
= 30.00% **(1)OF** [4]

(ii) Percentage of net profit to sales
= (22 500 **(1)OF** – 7 500 **(1)**) / 75 000 **(1)** × 100%
= 20.00% **(1)OF** [4]

(h) Number of shares = \$5 000 **(1)** / \$0.50 = 10 000 **(1)**
Total dividend = 10 000 × \$0.15 **(1)**
= \$1 500 **(1)OF** [4]
(For 5000 ***(1)*** *× 0.50 × 0.15* ***(1)*** *= 375, award* ***2*** *marks as shown)*

[Total: 20]

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3 (a)

Sumaru
Cash book, April 2010

April			Cash Dr $	Bank Dr $
3	Ahar	**(1)***		1 500 **(1)**
9	Cash sales	**(1)***	4 000 **(1)**	
12	Bannu	**(1)***		2 000 **(1)**
22	Dooly	**(1)***		1 650 **(1)**
28	Eduardo	**(1)***		900 **(1)**

*Mark is for date and name [10]

(b)

Name of account	Dr $	Cr $
Sales **(1)** *(accept cash sales but not sales ledger)*		4000 **(1)**

[2]

(c)

Date		Dr	Cr
30 April	Suspense **(1)**	360 **(1)**	
	Cash book (bank) **(1)**		360 **(1)**
To correct balance entered at 1 April 2010 **(1)**			

(Award marks for amount only if correctly shown as Dr or Cr with account name.) [5]

(d) Send statement
Offer cash discount *(not trade discount)*
Limit credit (no more credit sales)
Charge interest on overdue amounts
Use debt collection methods (any two, 2 marks each) [4]

[Total: 21]

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4 (a) (i) Lower **(1)** of cost **(1)** and net realisable value **(1)** [3]

(ii) $2 700 **(1)** [1]

(iii) Reduces profit *(**not** overstated or understated)* **(1)** by $300 **(1)** [2]

(b)

Timpani Limited
Balance Sheet at 31 March 2010

	$	$
Non-current (fixed) assets		
Plant and equipment at cost	20 000 **(1)**	
Accumulated depreciation	12 000 **(1)**	
Net book value		8 000 **(1)**
Current assets		
Inventory (stock)	2 700 **(1)**	
Trade receivables (debtors)	1 000 **(1)**	
Bank	500 **(1)**	
	4 200	
Current Liabilities		
Trade payables (creditors)	700 **(1)**	
Bank loan *(must be shown as current liability)*	2 800 **(1)**	
	3 500	
Net current assets		700
Total assets		8 700
Equity		
Share capital		5 000 **(1)**
Profit for the year		3 700 **(2)**
		8 700

*Note: award marks for acceptable layout, **not** list of balances.* [11]

(c)

	Successful	Not Successful
Reduce dividend	✓ **(2)**	
Reduce depreciation		✓ **(2)**
Reduce trade payables (creditors)		✓ **(2)**

[6]

(d) (i) Going concern **(1)**

(ii) Expected sale values **(2)** [3]
(accept net realisable value)

[Total: 26]

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5 (a)

	Capital	Revenue
Hire charges		✓ **(2)**
Cash discount received from motor dealer for prompt payment for new car		✓ **(2)**
Part exchange value of used car	✓ **(2)**	

[6]

(b) (i) Cost $12 000 **(1)** @ 30% **(1)** = $3 600 **(1)OF** [3]
(Award only the component marks but not the mark for $3600 if other calculations are shown, e.g. net book value or for other years.)

(ii) Net book value = $8 400 **(1)OF** [1]
(Award this mark if correct by reference to answer to **(i)**.)

(c)

Disposal of motor vehicles

2010		$	2010		$
April 1	Motor vehicle*	12 000 **(1)**	April 1	Depreciation*	3 600 **(1)**
				Bank (Insurance)	5 000 **(1)**
				Income statement (Profit & loss account)	3 400 **(2)OF**
		12 000			12 000

(Mark is for reasonable narrative and amount, not date.)
*(*Award **2** marks for "Net book value 8400", but **0** for "Balance b/down 8400".)* [5]

(d) (i) The rate may be too low as large loss arose on scrapping car.
An increased rate, up to 60%, would reduce loss. [2]
(Award marks for similar comments.)

(ii) Straight line method **(1)** over life of car, or using scrap value **(1)**
or Based on estimated mileage over three years **(2)**
or other reasonable suggestion and explanation. [2]

[Total: 19]

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6 (a)

	$	
Deposits to bank	15 270	**(1)**
Less: cash sales	2 680	**(1)**
	12 590	
Add: receivables at 31/3/10	4 080	**(1)**
	16 670	
Less: receivables at 1/4/09	3 140	**(1)**
Credit sales	13 530	**(1)OF**

(Award total figure only if no aliens, e.g. cash book balance b/fwd shown.) [5]

(b)

Wilma
Trading account for the year ended 31 March 2010

	$	$	
Revenue (sales) – credit		13 530	**(1)OF**
– cash		2 680	**(1)**
		16 210	
Inventory (stock) at 1 April 2009	1 780	**(1)**	
Purchases	9 560	**(1)**	
Carriage inwards	280	**(1)**	
	11 620		
Inventory (stock) at 31 March 2010	1 920	**(1)**	
Cost of goods sold		9 700	**(1)OF**
Gross profit		6 510	**(1)OF** [8]

(c) (i) Rate of inventory (stock) turnover
= Cost of goods sold / average inventory (stock)
= 9 700 **(1)OF** / [(1 780 + 1 920)/2 = 1 850 **(1)OF**]
= 5.24 **(1)OF** times **(1)** [4]
(Note – a calculation mark may be awarded even if the formula is wrong.)

(ii) Collection period for trade receivables (debtors)
= (Debtors / credit sales) × 365 days
= (4 080 **(1)** / 13 530 **(1)OF**) × 365 days
= 110 **(1)OF** (accept 111) days **(1)** [4]
(Note – a calculation mark may be awarded even if the formula is wrong.)

(d)

	Increase	Decrease	No change
Gross profit			✓ **(1)**
Percentage of gross profit to sales		✓ **(1)**	
Rate of inventory (stock) turnover	✓ **(1)**		

[3]

[Total: 24]

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