

UNIVERSITY OF CAMBRIDGE INTERNATIONAL EXAMINATIONS
International General Certificate of Secondary Education

MARK SCHEME for the May/June 2007 question paper

0452 ACCOUNTING

0452/02

Paper 2, maximum raw mark 90

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.

All Examiners are instructed that alternative correct answers and unexpected approaches in candidates' scripts must be given marks that fairly reflect the relevant knowledge and skills demonstrated.

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

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- 1 (a) Statement (of account)
- (b) Rent, rates, water, insurance in advance (or similar)
Utilities (e.g. gas, electricity, telephone) paid in advance
Not prepayments [1]
- (c) Nominal or general (**not** personal or private)
Not journal [1]
- (d) List of balances in the general (nominal) ledger at a given date [1]
- (e) Profit and loss appropriation account [1]
- (f) Outstanding lodgements, uncredited or unpresented cheques
Items found in updating cash book, e.g. direct debits, bank interest, charges,
dishonoured cheques, bank or cash book errors [2]
- (g) error of omission, commission, principle, compensating error, error of original entry,
complete reversal (any one) [1]
- (h) Purchase of shop – capital [1]
Broken glass – revenue [1]
Cash register – capital [1]
Advertisement – revenue [1]
- (i) Net profit percentage = $(GP - \text{expenses}) / \text{sales} \times 100\%$
GP = 32 000 [1], Expenses = 20 000, NP = 12 000 [1]**OF**
Sales = 80 000 [1] – must be shown in calculation
Net profit percentage = 15.00% [1]**OF**
(need not show % sign, but **no** other sign or description allowed) [4]

[Total: 16]

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- 2 (a) (i) 5000 [1]
- (ii) 1 April 2006 (must include year) [1]
- (iii) 80 000 [1]
- (iv) Inwards/(accept "in") [1]
- (v) 37 000 [1]
- (vi) 5600 [1]
- (vii) Net profit (must show "net") [1]
- (viii) 27 800 [1]OF only if wrong gross profit [8]

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

$$= 88\,000 \text{ [1]} / (42\,000 + 36\,000) \text{ [1]} / 2 \text{ [1]}$$

$$= 2.26 \text{ times [1]OF}$$

(accept 2.25 times)

Alternative (reciprocal) calculation gives 161 or 162 days [4]

- (c) (i) Newsagent, petrol station, food store etc.
hairdressing salon, clothing shop, but not bank [2]
- (ii) Furniture, carpets, cars, machines, etc. [2]

[Total: 16]

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3 (a) Note: Date, narrative and amount required for each mark
Complete reversal of account – no marks

Sales					
30 April	Trading Account	<u>500</u>	[1]	3 April	Cash (sales)
	(or Profit & Loss A/c)				<u>500</u>
					[1]
					(not "Bank")

Ahmed					
1 April	Balance b/d	2 850	[1]	12 April	Bank
					1 200
					[1]
				29 April	Bank
					650
					[1]
				30 April	Balance c/d
		<u>2 850</u>			1 000
					<u>2 850</u>
1 May	Balance b/d	1 000	[1]OF		

Rent					
1 April	Bank	900	[1]	30 April	Balance c/d
					600
				30 April	Profit & Loss A/c
					300
					[1]
		<u>900</u>			(not Trading A/c)
					<u>900</u>
1 May	Balance b/d	600	[1]OF	<i>only if Bank entry is correct</i>	

Electricity					
6 April	Bank	120	[1]	30 April	Profit and Loss A/c
					180
					[1]OF
30 April	Balance c/d	60			(not Trading A/c)
		<u>180</u>			
					<u>180</u>
				1 May	Balance b/d
					60
					[1]

Wages					
29 April	Cash	<u>700</u>	[1]	30 April	Profit and Loss A/c
					<u>700</u>
					[1]

Drawings					
21 April	Cash	<u>800</u>	[1]	30 April	Capital
					<u>800</u>
					[1]
					(or balance c/d)

[16]

- (b) Send statement of account
 Offer cash discount – *not trade discount*
 Refuse further business
 Refer to debt collectors
 Charge interest
 Offer future incentives
 Etc. Any two, 2 marks each

[4]
[Total: 20]

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- 4 (a) Note – Narrative and correct amount required for each mark
 Correct dates required for additional marks
 Complete reversal of account – no marks
 Account in note or memorandum form – no marks

Provision for depreciation – cooker

2006 31 March Balance c/d	<u>180</u>	2006 31 March Profit and Loss A/c (or Depreciation A/c)	<u>180</u>	[1]
		1 April Balance b/d	180	[1]
2007 31 March Balance c/d	360	2007 31 March Profit & Loss A/c	180	[1]
	<u>360</u>		<u>360</u>	
		1 April Balance b/d	360	[1]

+ [1] for dates

Provision for depreciation – motor van

2007 31 March Balance c/d	<u>1 500</u>	2007 31 March Profit & Loss A/c (or Depreciation A/c)	<u>1 500</u>	[1]
		1 April Balance b/d	1 500	[1]

+ [1] for dates

- (b) Net book values:
- (i) the cooker: \$ 840 [1]OF
 - (ii) the motor van \$ 4 500 [1]OF based on one year only [2]

(c) Paula
 Balance Sheet at 31 March 2007 (extract)

	Cost	Provision for depreciation	Net book value
	\$	\$	\$
Fixed assets			
Machinery (cooker)	1200 [1]	360 [1]OF	840 [1]OF*
Motor van	6000 [1]	1500 [1]OF	4500 [1]OF*
Totals	<u>7200</u>	<u>1860</u>	<u>5340</u>

* OF marks based on answers in part (a) [6]

[Total: 16]

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- 5 (a) To prepare final account
 To check arithmetical accuracy of books
 To check accounts balance
 To locate errors
 Other acceptable reason [1]

(b) Ismail Khan
 Trial balance at 30 April 2007

	\$	\$
Sales		125 000 [1]
Stock	14 500 [1]	
Purchases	76 000 [1]	
Bank (overdraft)		2 300 [1]
Machinery	9 000 [1]	
Debtors	1 700 [1]	
Creditors		2 800 [1]
Expenses	37 500 [1]	
Capital		15 500 [1]
Drawings	8 000 [1]	
Suspense	<u>146 700</u>	<u>146 700</u> [1]OF*

***OF mark awarded if account balances. May be shown Separately but must be labelled "Suspense" [11]**

(c)

	Dr	Cr
Suspense	2 000 [1]	
Sales		2 000 [1]
To correct cash sales omitted [1] (error of single entry)		
Drawings	400 [1]	
Suspense		400 [1]
To correct error in drawings account [1] (error of double entry)		
Cash	500 [1]	
Suspense		500 [1]
To include cash balance in trial balance [1] (error of single entry)		

[9]

- (d) Nil [1]OF [1]

[Total: 22]