

UNIVERSITY OF CAMBRIDGE INTERNATIONAL EXAMINATIONS
International General Certificate of Secondary Education

MARK SCHEME for the November 2004 question paper

0452 ACCOUNTING

0452/02 Paper 2, maximum raw mark 90

This mark scheme is published as an aid to teachers and students, to indicate the requirements of the examination. It shows the basis on which Examiners were initially instructed to award marks. It does not indicate the details of the discussions that took place at an Examiners' meeting before marking began. Any substantial changes to the mark scheme that arose from these discussions will be recorded in the published *Report on the Examination*.

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*.

- CIE will not enter into discussion or correspondence in connection with these mark schemes.

CIE is publishing the mark schemes for the November 2004 question papers for most IGCSE and GCE Advanced Level syllabuses.

Grade thresholds taken for Syllabus 0452 (Accounting) in the November 2004 examination.

	Maximum mark available	Minimum mark required for grade:			
		A	C	E	F
Component 2	90	77	64	50	43

The threshold (minimum mark) for B is set halfway between those for Grades A and C.
 The threshold (minimum mark) for D is set halfway between those for Grades C and E.
 The threshold (minimum mark) for G is set as many marks below F threshold as the E threshold is above it.

Grade A* does not exist at the level of an individual component.

NOVEMBER 2004

IGCSE

MARK SCHEME

MAXIMUM MARK: 90

SYLLABUS/COMPONENT: 0452/02

ACCOUNTING
Paper 2

Page 1	Mark Scheme	Syllabus	Paper
	IGCSE – NOVEMBER 2004	0452	2

Question		Part Mark
1 (a)	Opening entries, purchases/sale of fixed asset on credit, correction of errors, writing off bad debt, year end adjustments, items which cannot be entered in other books of prime entry, or acceptable alternative.	1
(b)	P/L Account (accept Trading and Profit and Loss Account)	1
(c)	At lower of cost of net realisable value	1
(d)(i)	$\begin{array}{r} \$1\ 000 \\ -2\frac{1}{2}\% \\ \hline \text{Amount paid} \quad \underline{25} \quad (1) \\ \underline{975} \quad (1) \text{ OF} \end{array}$	2
(ii)	Cash discount (accept discount allowed (NOT received), early settlement)	1
(e)	Trial balance NOT T/B	1
(f)	Appropriation Account	1
(g)	Two errors, being incorrect entries of equal amounts (1) which cancel each other out (1). Marks may be given for suitable example.	2
(h)	<ol style="list-style-type: none"> Plant and machinery, premises, motor vehicles, office equipment (NOT agricultural machines) Wages, raw materials, electricity, office or general expenses, or acceptable alternatives in both cases 	<p style="text-align: right;">2 × 1 each</p> <p>2</p>
		12
2 (a)(i)	\$6000 (1)	
(ii)	Stock (1)	
(iii)	\$71 000 (1)	
(iv)	Inwards (1)	
(v)	\$14 000 (1)	
(vi)	Received (1) (accept income)	
(vii)	\$7000 (1)	7
(b)(i)	$\frac{\$30\ 000}{100\ 000} \times 100 = 30\% \quad (2) \quad 28.3\% \quad (1) \quad 34.0\% \quad (1) \quad 36.0\% \quad (1)$ <p style="text-align: center;">(1) OF</p>	2
(ii)	$\frac{\$12\ 000}{100\ 000} \times 100 = 12\% \quad (2) \quad 11.3\% \quad (1)$ <p style="text-align: center;">(1) OF</p>	2
(c)	<ol style="list-style-type: none"> No effect Reduction in expenses would increase NP: sales percentage 	<p style="text-align: right;">} Must refer to % (1) } Gross profit/net profit only – no marks (1)</p> <p>2</p>
		13

Page 2	Mark Scheme	Syllabus	Paper
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Question		Part Mark																																																												
3 (a)	<p style="text-align: center;"><i>Machinery account</i></p> <p>2001</p> <p style="text-align: center;">\$</p> <p>1 Oct JD Engineering 20 000 (1) No aliens e.g. depreciation Creditors (not Purchases, Bank)</p> <p style="text-align: center;"><i>Provision for Depreciation of Machinery account</i></p> <p>2002</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;"></td> <td style="width: 10%; text-align: center;">\$</td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> <td style="width: 10%; text-align: center;">\$</td> </tr> <tr> <td>30 Sep Balance c/d</td> <td style="text-align: right;"><u>6000</u></td> <td>30 Sep</td> <td>P/L A/c</td> <td style="text-align: right;"><u>6000</u> (1) OF</td> </tr> </table> <p>2003</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;"></td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> </tr> <tr> <td>30 Sep Balance c/d</td> <td style="text-align: right;">10 200</td> <td>1 Oct</td> <td>Balanced b/d</td> <td style="text-align: right;">6000 (1) OF</td> </tr> <tr> <td></td> <td></td> <td>2003</td> <td></td> <td></td> </tr> <tr> <td></td> <td style="text-align: right;"><u> </u></td> <td>30 Sep</td> <td>P/L A/c</td> <td style="text-align: right;"><u>4200</u> (2) OF</td> </tr> <tr> <td></td> <td style="text-align: right;"><u>10 200</u></td> <td></td> <td></td> <td style="text-align: right;"><u>10 200</u></td> </tr> </table> <p>2004</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;"></td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> </tr> <tr> <td>30 Sep Balance c/d</td> <td style="text-align: right;">13 140</td> <td>1 Oct</td> <td>Balance b/d</td> <td style="text-align: right;">10 200 (1) OF</td> </tr> <tr> <td></td> <td></td> <td>2004</td> <td></td> <td></td> </tr> <tr> <td></td> <td style="text-align: right;"><u> </u></td> <td>30 Sep</td> <td>P/L A/c</td> <td style="text-align: right;"><u>2940</u> (2) OF</td> </tr> <tr> <td></td> <td style="text-align: right;"><u>13 140</u></td> <td></td> <td></td> <td style="text-align: right;"><u>13 140</u> (1) OF</td> </tr> </table> <p>Reversal – no marks. P/L on Dr. side – no marks. Incorrect date(s) – 1.</p> <p>(Running balance format also acceptable)</p>		\$			\$	30 Sep Balance c/d	<u>6000</u>	30 Sep	P/L A/c	<u>6000</u> (1) OF						30 Sep Balance c/d	10 200	1 Oct	Balanced b/d	6000 (1) OF			2003				<u> </u>	30 Sep	P/L A/c	<u>4200</u> (2) OF		<u>10 200</u>			<u>10 200</u>						30 Sep Balance c/d	13 140	1 Oct	Balance b/d	10 200 (1) OF			2004				<u> </u>	30 Sep	P/L A/c	<u>2940</u> (2) OF		<u>13 140</u>			<u>13 140</u> (1) OF	9
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(b)	<p style="text-align: center;"><i>Extract from Balance Sheet as at 30 September 2004</i></p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;"><i>Fixed Assets</i></th> <th style="text-align: center;"><i>Cost</i></th> <th style="text-align: center;"><i>Depreciation to date</i></th> <th style="text-align: center;"><i>Net book value</i></th> </tr> <tr> <td></td> <th style="text-align: center;">\$</th> <th style="text-align: center;">\$</th> <th style="text-align: center;">\$</th> </tr> </thead> <tbody> <tr> <td>Machinery</td> <td style="text-align: right;">20 000 (1)</td> <td style="text-align: right;">13 140 (1) OF</td> <td style="text-align: right;">6860 (1) OF</td> </tr> </tbody> </table>	<i>Fixed Assets</i>	<i>Cost</i>	<i>Depreciation to date</i>	<i>Net book value</i>		\$	\$	\$	Machinery	20 000 (1)	13 140 (1) OF	6860 (1) OF	3																																																
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(c)(i)	<p>\$20 000 – 2000 (1) = 18 000 \$3000 without workings = 2 marks</p> $\frac{\$18000}{6(1)} = \$3000 \times 3(1) = \$9000$	3																																																												
(ii)	<p>ONE from:</p> <p>Machinery's value may not fall heavily in earlier years</p> <p>Maintenance costs may not rise disproportionately over time</p> <p>Straight line easier to calculate, same amount each year</p> <p>Difficulty in choosing reducing balance rate or acceptable alternative</p>	<p>1 mark for basic statement</p> <p>+1 mark for suitable development</p> <p>= 2</p>																																																												
		2																																																												
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Jonah Cash Book													
Date				Discount	Cash	Bank	Date				Discount	Cash	Bank
2004				\$	\$	\$	2004				\$	\$	\$
July	1	Balances	b/d		600	2500	July	7	Cash *				200 (1)
	3	H Syde		10 (1)		490 (1)OF		10	J Teime		15 (1)		385 (1)OF
	7	Bank *			200 (1)			12	Wages			400 (1)	
	14	B Sharp		20 (1)		780 (1)		17	P Mulder		25 (1)		975 (1)OF
	20	Cash Sales banked				350 (1)		24	Wages			250 (1)	
									Electricity				600 (1)
	21	M Yaveli				630 (1)		29	M Yaveli ** (dishonoured cheque)				630 (2)
								31	Balances	c/d		150	1960
				30 (1)OF	800	4750					40 (1)OF	800	4750
August	1	Balances	b/d		150 (1)OF	1960 (1)OF							

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* Accept: office, Transfer, Contra

** Yaveli – 2 marks for date, name and amount
1 mark if name missing but words “dishonoured cheque” shown

Notes:

Award discount mark if correct amount on correct date

Award amount (OF) mark if correct date, name and amount shown

Balance marks – (a) no aliens in account
– (b) no CR cash balance
– (c) balances must be arithmetically correct

Any figure shown in DR and CR column – no marks

Page 4	Mark Scheme	Syllabus	Paper
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4 (b)	<p style="text-align: center;"><i>Discounts allowed account</i></p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 20%;">2004</td> <td style="width: 20%;"></td> <td style="width: 20%; text-align: right;">\$</td> <td style="width: 20%;"></td> <td style="width: 20%;"></td> </tr> <tr> <td>July 31</td> <td>Total for July</td> <td style="text-align: right;">30</td> <td style="border-left: 1px solid black;"></td> <td style="text-align: right;">(2)</td> </tr> <tr> <td></td> <td>Creditors</td> <td></td> <td style="border-left: 1px solid black;"></td> <td></td> </tr> <tr> <td></td> <td>Cash book</td> <td></td> <td style="border-left: 1px solid black;"></td> <td></td> </tr> </table> <p style="text-align: center;"><i>Discounts received account</i></p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 20%;"></td> <td style="width: 20%;"></td> <td style="width: 20%;"></td> <td style="width: 20%; text-align: right;">2004</td> <td style="width: 20%;"></td> </tr> <tr> <td></td> <td></td> <td></td> <td>July 31</td> <td>Total for July</td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td style="text-align: right;">40</td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td style="text-align: right;">(2)</td> </tr> <tr> <td></td> <td>Debtors</td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td>Cash book</td> <td></td> <td></td> <td></td> </tr> </table> <p>NOT individual discount entries</p>	2004		\$			July 31	Total for July	30		(2)		Creditors					Cash book							2004					July 31	Total for July					40					(2)		Debtors					Cash book				4 25
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Question		Part Mark
(c)	ONE from: Purchase of more fixtures Increase in stocks Decrease in creditors Cash flow problems (Possibly) increased drawings or acceptable alternative)	2 or 0 2 23