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.

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

CIE is publishing the mark schemes for the May/June 2007 question papers for most IGCSE, GCE Advanced Level and Advanced Subsidiary Level syllabuses and some Ordinary Level syllabuses.

UNIVERSITY *of* CAMBRIDGE
International Examinations

Page 2	Mark Scheme	Syllabus	Paper
	IGCSE – May/June 2007	**0452**	**2**

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

   (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 – expenses)/sales × 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]

Page 3	Mark Scheme	Syllabus	Paper
	IGCSE – May/June 2007	0452	2

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 **[1]** / (42 000 + 36 000) **[1]** /2 **[1]**

= 2.26 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]

www.dynamicpapers.com

Page 4	Mark Scheme	Syllabus	Paper
	IGCSE – May/June 2007	0452	2

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

Sales

30 April	Trading Account	500	[1]	3 April	Cash (sales)	500	[1]
	(or Profit & Loss A/c)				(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	1 000	
		2 850				2 850	
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]
		900			(**not** Trading A/c)	900	
1 May	Balance b/d	600	[1]OF *only if Bank entry is correct*				

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)		
		180				180	
				1 May	Balance b/d	60	[1]

Wages

29 April	Cash	700	[1]	30 April	Profit and Loss A/c	700	[1]

Drawings

21 April	Cash	800	[1]	30 April	Capital	800	[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]

www.dynamicpapers.com

Page 5	Mark Scheme	Syllabus	Paper
	IGCSE – May/June 2007	0452	2

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

+ [1] for dates

Provision for depreciation – motor van

2007			2007			
31 March Balance c/d	1 500		31 March Profit & Loss A/c (or Depreciation A/c)	1 500	[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)

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

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

[Total: 16]

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		1 100 [1]OF*
	146 700	146 700

***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)		

	Dr	Cr
Drawings	400 [1]	
Suspense		400 [1]
To correct error in drawings account [1] (error of double entry)		

	Dr	Cr
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]