

**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.

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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]**

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)	<u>500</u>	[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	
		<u>2 850</u>				<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]**