MARK SCHEME for the May/June 2008 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 2008 question papers for most IGCSE, GCE Advanced Level and Advanced Subsidiary Level syllabuses and some Ordinary Level syllabuses.

Marking Guidelines

- Where a candidate makes an arithmetical error or selects the wrong figure in an account 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 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, B/b/d, B/f, 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 but 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.

- 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.

1 **(a)** **(i) and (ii)** to calculate profit or loss,
to know what assets and liabilities the business has,
to compare with previous years,
to compare with other businesses,
to calculate accounting ratios,
for use by other parties e.g. bank
other acceptable but specific answers **(1)** mark **each**   [2]

(b) **(i)** stock, debtors, prepayments, cash, bank, etc. – any one   [1]

(ii) creditors, accrued expenses, bank overdraft, etc. – any one   [1]
(loan *but only if stated repayable within one year*)

(c) Matching, prudence ***not*** *consistency*   [1]

(d) Suspense account   [1]

(e) Current liabilities   [1]

(f) An amount owed (by a debtor) **(1)** which he is unable or unwilling to pay **(1)**.   [2]
Accept words making these points.

(g) **(i)** $100 *(must be amount **not** description of imprest)*   [1]

(ii) $70   [1]

(h) **(i)** Current assets *(accept CA)* **(1)** less *(accept – or :)* current liabilities *(accept CL)* **(1)**   [2]

(ii) A business needs sufficient working capital for
  • the day-to-day running of the business
  • to pay expenses, liabilities, etc. as they fall due
(*2 marks for either or similar comment – if given as answer to* ***(i)*** *may award 2 marks but only once*)   [2]

[Total: 15]

2 (a)

Emilie
Cash Book, March 2008

Date	Details	Discount	Cash	Bank	Date	Details	Discount	Cash	Ba
		$	$	$			$	$	$
1	Balance b/down		1700	3000					
3	Jules **(1)**	6 **(1)**		194 **(1)**	5	Andre **(1)**		1200 **(1)**	
6	Michel **(1)**			85 **(1)**	7	Wages **(1)**		330 **(1)**	
7	Sales **(1)**		1850 **(1)**						

(Note: date and correct narrative required for mark, discount, cash and bank marks may be awarded if either date or narrative (but not both) is missing, no marks for balances brought down, no requirement to balance the account, no totals required.)   [11]

(b) Cash sales   1850 **(1)**
Credit sales   200 **(1)**
Total sales   2050 **(1)OF**   [3]

Correct figures only, do not accept $194 or $188 for credit sales. Do not award total mark if any aliens shown.

(c)

Emilie
Trading Account for the week ended 7 March 2008

	$	$
Sales (*accept total from (b)*)		2050 **(1)OF**
Stock at 1 March	1700 **(1)**	
Purchases (*correct figure only*)	1200 **(1)**	
	2900	
Stock at 7 March	1650 **(1)**	
Cost of goods sold		1250 **(1)OF**
Gross profit		800 **(1)OF**

[6]

[Total: 20]

3 **(a)** 200 units **(1)** @ $3.20 **(1)** = $ 640 **(1)OF**

Accept if just shown as figures, 3 marks for just the correct answer.

(b) 100 units @ $3.20 = $ 320 **(1)**
150 units @ $3.00 = $ 450 **(1)**
100 units @ £3.00 = $ 300 **(1)**
Total $1 070 **(1)OF** [4]

Do not award total mark if any aliens

(c) 300 units **(1)** @ $3.00 **(1)** = $ 900 **(1)OF** [3]

Accept if just shown as figures, 3 marks for just the correct answer.

(d) Opening stock (units) 200 **(1)**
Purchases (units) 350 **(1)**
550
Closing stock (units) 300 **(1)**
Sold (units) 250 **(1)OF** [4]

If closing stock is added, award final mark but not stock mark.

(e) $
Opening stock (value) 640 **(1)OF**
Purchases (value) 1070 **(1)OF**
1710
Closing stock (value) 900 **(1)OF**
Cost of goods sold 810 **(1)OF** [4]

Award these marks if correct or if correctly calculated on own figures from (a), (b) and (c).

[Total: 18]

4   (a)

Solomon
Trading and Profit and Loss Account
Year ended 31 March 2008

	$	$
Sales		47 500 **(1)**
Opening stock	1 500 **(1)**	
Purchases	28 800 **(1)**	
	30 300	
Closing stock	1 800 **(1)**	
Cost of sales (goods sold)		28 500 **(1)OF**

(*words must appear somewhere*)(*do not award if any aliens*)
Gross profit (*do not award if any other aliens*)   19 000 **(1)OF**

Expenses

Carriage outwards	720 **(1)**	
Electricity	1 800 **(1)**	
Motor expenses	1 380 **(1)**	
Depreciation	2 400 **(1)**	
Rent (6 000 (1) – 1 200*(1))	4 800 **(2)**	
Wages (8 600 (1) + 400*(1))	9 000 **(2)**	

(**if wrongly added or subtracted, no mark, accept if shown as separate items with no total*)

Total	20 100	
Net loss	1 100 **(1)OF**	

(*accept* **Net profit** *if figure shown as negative (–) or in brackets, or is a profit on own figures; do not award if any aliens*)   [15]

(b)

Solomon
Capital account, year ended 31 March 2008

2008		$		2007		$	
31 March	Net loss	1 100	**(1)OF**	1 April	Balance b/d	36 000	**(1)**
31 March	Drawings	24 000	**(1)**		(*not Capital*)		
31 March	Balance c/d	10 900	**(1)OF**				
		36 000				36 000	
				2008			
				1 April	Balance b/d	10 900	

Narrative and amount (but not date) required for mark.
Must be an account, not a list or a sum.   [4]

(c) [Increase sales, buy more cheaply, increase prices] = increase gross profit, reduce [any named] expenses = increase net profit (any two, one mark each)   [2]

(d) Introduce more capital into the business, reduce drawings, [reduce net loss, make or increase income or net profit] (any two, one mark each) *accept 'take in a partner with capital'*   [2]

[Total: 23]

5 (a)

	Capital expenditure	Revenue expenditure
Purchase of taxi	✓ (1)	
Installing meter	✓ (1)	
Taxi licence		✓ (1)
Taxi insurance		✓ (1)
Filling taxi with fuel		✓ (1)
Servicing engine		✓ (1)

[6]

(b) (i) 18 000 **(1)** × 30% **(1)** = 5 400 **(1)OF**   [3]

If no calculation shown but correct figure award 3 marks;
If e.g. used wrong % but calculation correct award 2 marks.

(ii) 12 600 **(1)OF** × 30% **(1)** = 3 780 **(1)OF**   [3]

If no calculation shown but correct figure award 3 marks;
If calculations for more than one year then do not award result mark but may award starting mark and rate mark;
If e.g. used wrong basis or % but calculation correct award up to 2 marks.

(c) (12 600 OF – 3 780 OF) **(1)** = 8 820 OF **(1)**   [2]
or (18 000 – 9 180 OF) **(1)**

If no calculation but correct figure then award 2 marks.

[Total: 14]