

MARK SCHEME for the October/November 2008 question paper

0452/02	0452 ACCOUNTING Paper 2, maximum raw mark 90
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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 October/November 2008 question papers for most IGCSE, GCE Advanced Level and Advanced Subsidiary Level syllabuses and some Ordinary Level syllabuses.

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GENERAL NOTES FOR ASSISTANT EXAMINERS

MARKING GUIDELINES

- Award marks only in accordance with the mark scheme. If a script contains an answer which is not anticipated please refer to Principal Examiner before awarding any marks.
- Where a candidate makes an arithmetical error or selects the wrong figure in an account or a 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 (OF) 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, but not Bbd, bd, or any variation of "Balance carried down".
- Where a day book or 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 may be shown as xx:1 or 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 workings are shown separately and the correct answer is clearly arrived at but a mistake is then made in transferring the answer to the question paper the marks may be awarded if the candidate has demonstrated he has correctly answered the question. This also covers the final answer being shown e.g. as a ratio but the workings clearly show the correct answer to be a percentage.
- Where a calculation is stated 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.

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- 1 (a) Sales journal, sales day book, sales book, sales sales returns journal, day book or book, sales returns purchases journal, purchases day book, purchases book, purchases purchases returns journal, day book or book, purchase returns cash book petty cash book journal (*but not ledger*)(any two) (2)

(b)

		Asset	Liability
(i)	Motor car	✓ (1)	
(ii)	Accrued expenses payable		✓ (1)
(iii)	Debtors	✓ (1)	

(3)

- (c) Going concern (1)

- (d) (i) sales (1)

- (ii) Bill's account/debtor (1)

- (e) Trading [and Profit and Loss] account (1)
(*must have word "Trading", with or without "profit and loss"*)

- (f) Error of complete reversal (1)
No other error accepted – the word "reversal" must be used

- (g) [Profit and loss] appropriation account (1)
(*must have word "appropriation"*)

- (h) (i) Current ratio = current assets/current liabilities

$$= \frac{(\$49\,000 + \$24\,000 + \$3\,500) = \$76\,500 \text{ (1) : 1}}{\$21\,000 \text{ (1)}}$$
 = 3.6:1 (1)OF (3)
Mark for ratio is on own figures in formula

- (ii) Quick ratio = current assets (less stock)/current liabilities

$$= \frac{(\$49\,000 + \$3\,500) = \$52\,500 \text{ (1) : 1}}{\$21\,000 \text{ (1)}}$$
 = 2.5 : 1 (1)OF (3)
Mark for ratio is on own figures in formula

[Total: 17]

2 (a)

Ombeya
Sales Journal

Date September	Details	Reference	Amount \$
4	Hales Orchestra	INV 23	1 200 (1)
15	Sing Song Band	INV 24	450 (1)
28	Town School	INV 25	700 (1)
	Total		2 350

Note: the mark for each entry is for the date and month (year not required), narrative and correct amount. Award the mark even if the reference is not shown.

Ombeya
Sales Returns Journal

Date September	Details	Reference	Amount \$
17	Hales Orchestra	RT 7	300 (1)
	Total		300

Award the mark as above

[4]

(b)

Sales account

30 Sept Trading a/c 2 350 (10F)	30 Sept Total sales 2 350 (1)
	(accept "sales" or "sales journal" etc), debtors

Award mark for date, narrative and amount for each of these accounts. Accept "Profit and loss account" or any variation or short form, but not "Balance carried down" or any variation. If candidate writes out each entry with name and amount on credit side then award one mark in all.

Sales returns account

30 Sept Total returns 300 (1)	30 Sept Trading a/c 300 (10F)
	(accept "(sales) returns" or "(sales) returns journal" etc)

If candidate gives "Hales Orchestra" and amount on debit side award the mark

Hales Orchestra account

4 Sept Sales 1 200 (1)	17 Sept Sales returns 300 (1)
(not "Hales Orchestra")	(accept "returns")

Sing Song band account

15 Sept Sales 450 (1)	
(not "Sing Song band")	

Town School account

28 Sept Sales 700 (1)	
(not "Town School")	

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(c)

Date		Dr	Cr
10 October	Bad debts (1)	450 (1)	
	Sing Song band (1)		450 (1)
Write off of bad debt from Sing Song band (1)			

Award mark for account name even if date is wrong or missing but only award mark for amount if Dr entry is with Bad debt account name and Cr entry is with Sing Song Band account (or other incorrect) name. If Dr entry is shown with other incorrect name do not award mark.

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(d) Prudence (not matching) (2)

[2]

[Total: 19]

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3 (a) Business entity or ownership (2)

(b) Suspense account (1)

(c)

Stella Maris
Trial Balance at 31 October 2008

	Debit \$	Credit \$
Capital		10 000 (1)
Shelving & equipment	5 000 (1)	
Purchases		24 000 (1)
Rent payable	6 000 (1)	
Sales		34 900 (1)
Stock at 1 May 2008	0 (1)	
General expenses	2 500 (1)	
Bank	7 400 (2)	
	<u>44 900</u> (OF)	<u>44 900</u> (OF)(1) (to agree)

Award mark for correct account name, amount and correct side of trial balance. Stock should have date shown or be "Opening stock".

If candidate has value for stock or any other date then no mark.

If no entry for stock then award the stock mark.

No mark for any suspense account shown for unexplained balance.

Award totals mark only if shown and Dr and Cr sides agree.

[10]

(d)

Stella Maris
Profit and Loss Account
for the six months ended 31 October 2008

	\$			\$	
Sales				34 900	(1)
Stock at 1 May 2008	nil				
Purchases	<u>24 000</u>	(1)			
	24 000				
Stock at 31 October 2008	<u>5 300</u>	(1)			
Cost of sales				<u>18 700</u>	(1)
Gross profit				16 200	(1)OF
Expenses					[5]
Rent	6 000	(1)			
General expenses	2 500	(1)			
				<u>8 500</u>	(2)
Net profit				<u>7 700</u>	(1)OF
					[4]

If candidate has value for opening stock then do not award cost of sales mark. Award marks for correct amount only, except for gross and net profit amounts which can be own figures if incorrect amounts are shown in the account but the profit figures are arithmetically correct. Allow OF marks whether gross or net amounts are shown as profit or loss.

[Total: 22]

4 (a)

	Electra's restaurant	Zorba's restaurant
(i)	$16\,800 / 112\,000 = 15.0\%$ (2)	$20\,000 / 80\,000 = 25.0\%$ (2)
(ii)	$11\,200 / 112\,000 = 10.0\%$ (2)OF	$12\,000 / 80\,000 = 15.0\%$ (2)OF
(iii)	$95\,200 / 2\,250 = 42.3$ times (2) (accept 42 times)	$60\,000 / 6\,600 = 9.1$ times (2) (accept 9 times)

Award 2 or nil for each calculation: if candidate has shown workings, and has made an error in calculating gross profit, then award no marks for (i), but you may award 2 OF marks for correct calculations in (ii) based on incorrect (i).

[12]

	Electra's restaurant	Zorba's restaurant
Sales	112 000	80 000
Cost of sales	<u>95 200</u>	<u>60 000</u>
Gross profit	<u>16 800</u>	<u>20 000</u>
Gross profit	16 800	20 000
Expenses	<u>5 600</u>	<u>8 000</u>
Net profit	<u>11 200</u>	<u>12 000</u>
Cost of sales	95 200	60 000
Average stock	$(2\,000 + 2\,500) / 2 = 2\,250$	$(7\,000 + 6\,200) / 2 = 6\,600$

(b) (i) Electra has lower prices per meal, Zorba charges more per meal
Electra pays more for purchases, Zorba buys more cheaply
(any suitable comment) **(2)**

(ii) Electra turns over stock almost once a week, may sell fast food.
Zorba turns over stock more slowly, may have more varied menu, better quality meals,
better storage facilities
(any suitable comment) **(2)**

[4]

[Total 16]

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- 5 (a) To measure the use of a fixed asset over the period of its useful life (2)
(not to calculate its net book value or to find a profit or loss on sale)
- (b) Prudence or matching (1) [1]
- (c) (i) $(9\ 000 - 600) = 8\ 400$ (1) / 4 (1) = $2\ 100$ (1)OF [3]
- (ii) $2\ 100$ (1)OF [1]

Award OF marks if the calculations are correct but the amounts used are incorrect e.g. the expected scrap value has been omitted giving depreciation of \$2 250. Award the marks if depreciation is calculated and shown but ignore any calculations of net book value in this part.

(d) Provision for depreciation account

2008		2008	
30 June	Balance c/d	30 June	P & L a/c (1)
	<u>2 100</u>		<u>2 100</u> (1)OF
	<u>2 100</u>	1 July	Balance b/d (1)
2009		2009	
30 June	Balance c/d	30 June	P & L a/c (1)
	<u>4 200</u>		<u>2 100</u> (1)OF
	<u>4 200</u>		<u>4 200</u>
		1 July	Balance b/d (1)
			4 200 (1)OF

*Accept OF entries in account if figures used are from calculations in (c). Award mark for date **and** description only if both are correct in each case. Date and year must be correct for the mark for description.* [8]

- (e) \$4 800 (1)OF [1]

Accept OF if calculated correctly from figures in (c)

[Total: 16]