UNIVERSITY OF CAMBRIDGE INTERNATIONAL EXAMINATIONS

International General Certificate of Secondary Education

MARK SCHEME for the October/November 2006 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 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.

The grade thresholds for various grades are published in the report on the examination for most IGCSE, GCE Advanced Level and Advanced Subsidiary Level syllabuses.

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UNIVERSITY of CAMBRIDGE
International Examinations

1	(a)	[Sales] invoice.	Purchase Invoice ×		[1]
	(b)	Land, buildings, plant, machinery, equipment, fixtures, vehicles etc (any two).	Goodwill ✓		[2]
	(c)	Profit & Loss account.	Not Trading × Trading & Profit and Loss Account ✓ P & L ✓		[1]
	(d)	A supplier of goods or services to a business who has not been paid.	Supplier & is owed for 1 mark		[1]
	(e)	Error of commission.			[1]
	(f)	(i) Straight line	Revaluation ✓		[1]
		(ii) Reducing balance	Diminishing Balance ✓		[1]
	(g)	Current liabilities.			[2]
	(h)	Cost of goods sold/average stock = stock turnover. 45 000 (1) / 7 500 (1) = 6 (times)(1)(of)	6 = ✓ but not 6 : 1 61 days or 2 months ✓	max of 1 mark if in days without ×365 or ×12	[3]
	(i)	Gross profit margin = gross profit (1) / sales. (1)	Net Sales ✓ Turnover ✓ Revenue ✓		[2]

[Total 15]

2 (a)

Sales

31 March	Trading a/c	365	(1)(of)	4 March	Vanni	110	(1)
				7 March	Cash	55	(1)
	Balance c/d = 0			10 March	Saska	200	(1)
	P & L = ✓						
		365				365	

Date / Narrative
and number for each mark

Sales Returns

15 March	Vanni	30	(1)	31 March	Trading a/c	30	(1)(of)
					Balance c/d = 0		
					P & L = ✓		

Vanni

4 March	Sales	110	(1)	15 March	Returns inwards = ✓		
				31 March	Returns = ✓		
					Sales Returns	30	(1)
					Balance c/d	80	
		110				110	

Saska

10 March	Sales	200	(1)	31 March	Cash	190	(1)
				31 March	Discount alld	10	(1)
		200				200	

Discount allowed

31 March	Total Cash Book ✓ Saska ✓	10	(1)	31 March	P/L account	10	(1)(of)

Cash book

March		Discount	Cash	March		Discount	Cash
		Sales = ✓					
	Cash = ×						
7	Cash sales		55(1)				
31	Saska	10	190(1)	31	Balance c/d		245
			245				245

[15]

(b)

Tanit
Trading and Profit and Loss Account (extract)

		$	
Sales	**(i)**	365	(1)(of)
Less: sales returns	**(ii)**	30	(1)(of)
Net sales	**(iii)**	335	(1)(of)
Expenses			
Discount allowed	**(iv)**	10	(1)(of)

[4]

Total [19]

3 (a) (i) Realisation, prudence, matching (any one) (2)
Accruals ✓

(ii) Prudence, consistency (any one) (2)

[4]

(b)

Morgan
Balance sheet at 31 August 2006

	Cost		Provision for depreciation		Net book value	
	$		$		$	
Fixed assets						
Machinery	7 000		1 400		5 600	
Office equipment	2 500		1 000		1 500	
	9 500	(1) for both entries	2 400	(1) for both entries	7 100	(1)
Current assets						
Stock			3 900	(1)		
Debtors			3 500)			
Prepayments			600)	(1)		
Cash			200)	for all three entries	- Description needed	
			8 200			
Less current liabilities						
Creditors	1 800)					
Accrued expenses	300)					
Bank (overdrawn)	2 200	(1)				
			4 300			
Net current assets/working capital		(1)			3 900	(1)(of)
Total assets					11 000	narrative needed
Long term liability					5 000	(1)
Loan repayable 2011	- not in Current Assets or in calculation of Capital				6 000	
Financed by						
Capital at 1 September 2005					9 000	(1)
Add Profit for the year					18 000	(1)
					27 000	
Less drawings					21 000	(1)
					6 000	(1)(of)

to agree balances (no aliens)

[13]

(c) Overdraft may be reduced by collecting debtors, reducing stock, delaying payment of creditors, delaying drawings, increasing capital (any one). [2]

Sell fixed assets ✓
Long Term Loan ✓
Reduce expenditure ×

(d)

		Increase	Decrease	No effect
(i)	Bank overdraft		✓ (1)	
(ii)	Loan account	✓ (1)		
(iii)	Working capital	✓ (1)		
(iv)	Profit for the year			✓ (1)
(v)	Capital			✓ (1)

[5]

Total [24]

4 (a) Matching income OR expenditure (1) to the period to which it relates. (1) (2)

Accrual, prepayments, depreciation (any example). (2)

[4]

(b)

Kalim
Insurance account

2005								
1 Oct	Balance b/d	300	(1)					
	Bal c/d ×							
2006				2006				
1 Jan	Bank	1 320	(2)	30 Sept	Profit & Loss account	1 290	(2)(of)	- only given if on correct side.
				30 Sept	Balance c/d	330	(2)	
		1 620				1 620		If any alien then (1) of.

[7]

Date, Narrative and Number for each mark.

Total [11]

5 (a)

Smith and Travers
Profit and Loss Appropriation Account
Year ended 30 September 2006

		$	$	
Net profit			89 000 (1)	
Interest on drawings				
Smith	4% × $35 000		1 400 (2)	} must be added
Travers	4% × $15 000		600 (2)	
			91 000	
Interest on capital				
Smith	5% × $30 000	1 500 (1)	} must be deducted	
Travers	5% × $40 000	2 000 (1)		
		3 500		
Salary – Smith (1)		15 000 (1)	- must be deducted	
Share of profit				
Smith	2/5**(1)** × $72 500	29 000 (1)of		
Travers	3/5**(1)** × $72 500	43 500 (1)of		
		72 500		
			91 000 (1)(of)	- if no aliens appear
		for allocating total profit		

[14]

(b)

Smith
Current account calculation, year ended 30 September 2006

Balance at 1 October 2005			2 300 (1)	
Add:	Interest on capital		1 500 (1)of	
	Salary		15 000 (1)	
	Share of net profit		29 000 (1)of	
			47 800	
Less:	Interest on drawings	1 400 (1)of		
	Drawings	35 000 (1)		
			36 400	
Balance at 30 September 2006			11 400 (2)	or 0(of) but no aliens or omissions

[8]

Total [22]