

**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.

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

CIE is publishing the mark schemes for the October/November 2006 question papers for most IGCSE, GCE Advanced Level and Advanced Subsidiary Level syllabuses and some Ordinary Level syllabuses.



Page 2	Mark Scheme	Syllabus	Paper
	IGCSE - OCT/NOV 2006	0452	2

- 1 (a) [Sales] invoice. Purchase Invoice × [1]
- (b) Land, buildings, plant, machinery, equipment, fixtures, vehicles etc (any two). [2]  
Goodwill ✓
- (c) Profit & Loss account. Not Trading × [1]  
Trading & Profit and Loss Account ✓  
P & L ✓
- (d) A supplier of goods or services to a business who has not been paid. [1]  
Supplier & is owed for 1 mark
- (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 max of 1 mark if in days  
61 days or 2 months ✓ without ×365 or ×12 [3]
- (i) Gross profit margin = gross profit (1) / sales. (1) [2]  
Net Sales ✓  
Turnover ✓  
Revenue ✓

[Total 15]

2 (a)

Sales

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

Date / Narrative  
and number for each mark

Sales Returns

15 March	Vanni	<u>30</u> (1)	31 March	Trading a/c	<u>30</u> (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	<u>80</u>
		<u>110</u>			<u>110</u>

Saska

10 March	Sales	200 (1)	31 March	Cash	190 (1)
			31 March	Discount alld	<u>10</u> (1)
		<u>200</u>			<u>200</u>

Discount allowed

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

Cash book

March	Discount Sales = ✓	Cash	March	Discount	Cash
	Cash = x				
7	Cash sales	55(1)			
31	Saska	<u>190(1)</u>	31	Balance c/d	<u>245</u>
		<u>245</u>			<u>245</u>

[15]

<b>Page 4</b>	<b>Mark Scheme</b>	<b>Syllabus</b>	<b>Paper</b>
	<b>IGCSE - OCT/NOV 2006</b>	<b>0452</b>	<b>2</b>

(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]**

<b>Page 5</b>	<b>Mark Scheme</b>	<b>Syllabus</b>	<b>Paper</b>
	<b>IGCSE - OCT/NOV 2006</b>	<b>0452</b>	<b>2</b>

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	<u>2 500</u>		<u>1 000</u>		<u>1 500</u>	
	<u>9 500</u>	(1)	<u>2 400</u>	(1)	<u>7 100</u>	(1)
		for		for		
		both		both		
		entries		entries		
Current assets						
Stock			3 900	(1)		
Debtors			3 500)			
Prepayments			600)	(1)		
Cash			200)			
			8 200			
				for all		
				three		
				entries		
					- Description	
					needed	
Less current liabilities						
Creditors	1 800)					
Accrued expenses	300)					
Bank (overdrawn)	<u>2 200</u>	(1)				
			<u>4 300</u>			
Net current assets/working capital		(1)			<u>3 900</u>	(1)(of)
Total assets					11 000	narrative
						needed
Long term liability					<u>5 000</u>	(1)
Loan repayable 2011					<u>6 000</u>	
Financed by						
Capital at 1 September 2005					9 000	(1)
Add Profit for the year					<u>18 000</u>	(1)
					27 000	
Less drawings					<u>21 000</u>	(1)
					<u>6 000</u>	(1)(of)
						to agree balances (no aliens)

[13]

<b>Page 6</b>	<b>Mark Scheme</b>	<b>Syllabus</b>	<b>Paper</b>
	<b>IGCSE - OCT/NOV 2006</b>	<b>0452</b>	<b>2</b>

- (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]**

<b>Page 7</b>	<b>Mark Scheme</b>	<b>Syllabus</b>	<b>Paper</b>
	<b>IGCSE - OCT/NOV 2006</b>	<b>0452</b>	<b>2</b>

- 4 (a)** Matching income OR expenditure (1) to the period to which it relates. (1) (2)  
 Accrual, prepayments, depreciation (any example). (2) (2)  
**[4]**

**(b)**

Kalim  
Insurance account

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

Date, Narrative and Number for each mark.

**[7]**

**Total [11]**

<b>Page 8</b>	<b>Mark Scheme</b>	<b>Syllabus</b>	<b>Paper</b>
	<b>IGCSE - OCT/NOV 2006</b>	<b>0452</b>	<b>2</b>

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		<u>600(2)</u>	
			<u>91 000</u>	
Interest on capital				
Smith	5% × \$30 000	1 500(1)		} must be deducted
Travers	5% × \$40 000	<u>2 000(1)</u>		
		<u>3 500</u>		
Salary – Smith (1)		<u>15 000(1)</u>		- must be deducted
Share of profit				
Smith	2/5(1) × \$72 500	29 000(1)of		
Travers	3/5(1) × \$72 500	<u>43 500(1)of</u>		
		<u>72 500</u>		
			<u>91 000(1)(of)</u>	- 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		<u>29 000(1)of</u>	
		47 800	
Less:			
Interest on drawings	1 400(1)of		
Drawings	<u>35 000(1)</u>		
		<u>36 400</u>	
Balance at 30 September 2006		<u>11 400(2)</u>	or 0(of) but no aliens or omissions

[8]

**Total [22]**