

UNIVERSITY OF CAMBRIDGE INTERNATIONAL EXAMINATIONS

International General Certificate of Secondary Education

MARK SCHEME for the May/June 2006 question paper

0452 ACCOUNTING

0452/02

Paper 2, maximum raw mark 90

These mark schemes are published as an aid to teachers and students, to indicate the requirements of the examination. They show the basis on which Examiners were initially instructed to award marks. They do not indicate the details of the discussions that took place at an Examiners' meeting before marking began. Any substantial changes to the mark scheme that arose from these discussions will be recorded in the published *Report on the Examination*.

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 minimum marks in these components needed for various grades were previously published with these mark schemes, but are now instead included in the Report on the Examination for this session.

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| | | | |
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| Question Number | Question (including any source details) | Part Mark | |
|-----------------|--|-----------|-------|
| 1 | (a) Cash book | [1] | |
| | (b) Matching | [1] | |
| | (c) Fixed assets | [1] | |
| | (d) A transaction completely omitted from the books e.g. cash sales not recorded | [1] | |
| | (e) | | |
| | | Income | |
| | | Expense | |
| | Discount received | ✓ (1) | |
| | Carriage outwards | | ✓ (1) |
| | Interest on bank deposit | ✓ (1) | |
| | Bad debt written off | | ✓ (1) |
| | | | [4] |
| | (f) Interest on capital, partners salaries, interest on drawings (any two) | [2] | |
| | (g) Current assets less current liabilities | [2] | |
| | (h) (i) \$200 less \$65 = \$135 | [1] | |
| | (ii) Missing voucher or \$10 lost/pilfered from cash box | [2] | |
| | (i) (i) Current assets less stock/current liabilities | [2] | |
| | (ii) Shows whether the business has sufficient liquid assets to meet its current liabilities | [2] | |

Total marks [19]

| | | | |
|--------|-----------------------|----------|-------|
| Page 2 | Mark Scheme | Syllabus | Paper |
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| | | |
|------------------------|--|------------------|
| Question Number | Question (including any source details) | Part Mark |
|------------------------|--|------------------|

| | | | | |
|-------|-------------------|---------------|-------------------|------------|
| 2 (a) | Loretti Journal | | | |
| | | \$ | \$ | |
| | Office furniture | 1 500 (1) | | |
| | Stock | 12 000 (1) | | |
| | Bank | 5 300 (2) | | |
| | Cash | 200 (1) | | |
| | Loan – Hassan | | 3 000 (1) | |
| | Capital – Loretti | | <u>16 000 (2)</u> | |
| | | <u>19 000</u> | <u>19 000</u> | |
| | | | | [8] |

See next page for 2 (b)

Loretti – Petty Cash Book

| Date | Details | Total received \$ | Date | Details | Total paid \$ | Stationery \$ | Refreshments \$ | Cleaning \$ | Travelling \$ |
|------------|-------------|----------------------|------|--------------|------------------|------------------|--------------------|----------------|------------------|
| April 1 | Capital | 200.00(1) | 3 | Stationery | 35.00(1) | 35.00 | | | |
| | | | 8 | Refreshments | 40.00(1) | | 40.00 | | |
| | | | 13 | Cleaning | 50.00(1) | | | 50.00 | |
| | | | 20 | Travelling | 20.00(1) | | | | 20.00 |
| | | | | | 145.00 | <u>35.00</u> | <u>40.00</u> | <u>50.00</u> | <u>20.00</u> |
| | | | 30 | Balance c/d | <u>55.00(1)</u> | | | | |
| | | <u>200.00</u> | | | <u>200.00</u> | | | | |
| May 1 | Balance b/d | 55.00(1) | | | | | | | |
| 1 | Bank | 145.00(1) | | | | | | | |

[8]

[Total: 16]

| | | | |
|--------|-----------------------|----------|-------|
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| | | |
|------------------------|--|------------------|
| Question Number | Question (including any source details) | Part Mark |
|------------------------|--|------------------|

| | | | | |
|---|-----|---|------------|----------------|
| 3 | (a) | Hilota – Trial balance at 31 March 2006 | | |
| | | | \$ | \$ |
| | | Fixed assets | 22 000 (1) | |
| | | Provision for depreciation | | 9 300 (1) |
| | | Stock at 1 April 2005 | 3 200 (1) | |
| | | Balance at bank | 1 550 (1) | |
| | | Sales | | 56 500 (1) |
| | | Sales returns | 500 (1) | |
| | | Purchases | 34 200 (1) | |
| | | Carriage outwards | 950 (1) | |
| | | Rent | 4 000 | |
| | | Wages | 7 200 (1) | |
| | | General expenses | 2 600 | |
| | | Capital | | 20 000 (1) |
| | | Drawings | 9 600 (1) | |
| | | Totals | 85 800 | 85 800 (1) |
| | | | | to agree total |

[12]

| | | | |
|-----|--|-------------------|----------------------|
| (b) | Hilota Trading account for the year ended 31 March 2006 | | |
| | | \$ | \$ |
| | Sales | | 56 500 (1) |
| | less sales returns | | <u>500 (1)</u> |
| | | | 56 000 |
| | Opening stock | 3 200 (1) | |
| | Purchases | <u>34 200 (1)</u> | |
| | | 37 400 | |
| | less closing stock | 3 800 (1) | |
| | Cost of goods sold | | <u>33 600 (1)</u> |
| | Gross profit | | <u>22 400 (1) OF</u> |

[7]

(c) Gross profit percentage = Gross profit/net sales
= 22 400 (1)(OF)/56 000 (1) x 100
= 40.00% (1)

[3]

(d) **If no sales returns, use gross sales:**
Gross profit percentage = 22 900 (1)(OF)/56 500 (1) x 100
= 40.43% (1)

[3]

Total marks [25]

| | | | |
|--------|-----------------------|----------|-------|
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Question Number **Question (including any source details)** **Part Mark**

4 (a) Stock is valued at the **lower (1)** of **cost (1)** and **net realisable value (1)** **[3]**

(b) Rudi- stock valuation

| | | |
|--|------------------|---------------------|
| | \$ | \$ |
| Part A005: 250 (1) units @ \$1.30 per unit (1) | | 325.00 (1) |
| Part B017: 600 (1) units @ \$1.80 per unit (2) | | 1 080.00 (1) |
| Part C060: 150 (1) units @ \$2.50 per unit (1) | 375.00 (1) | |
| add: carriage inwards 3 x \$25 = | <u>75.00 (1)</u> | |
| | | <u>450.00</u> |
| Total value of stock | | <u>1 855.00 (1)</u> |

[12]

(c) Prudence [2]

Total marks [17]

5 (a) Rajit
Summary Balance Sheet at 31 December 2005

| | Cost | | Provision for depreciation | | Net book value |
|------------------------------------|-------------------|--|----------------------------|--|-------------------|
| | \$ | | \$ | | \$ |
| Fixed assets | <u>62 500</u> (1) | | <u>12 500</u> (1) | | 50 000 (1) |
| Current assets | | | 47 000 (1) | | |
| less current liabilities | | | 19 000 (1) | | |
| Net current assets/working capital | | | | | <u>28 000</u> (1) |
| | | | | | <u>78 000</u> |
| Financed by | | | | | |
| Capital at 1 January 2005 | | | | | 74 000 (1) |
| Add Profit for the year | | | | | <u>13 000</u> (1) |
| | | | | | 87 000 |
| less drawings | | | | | <u>9 000</u> (1) |
| | | | | | <u>78 000</u> |
| | | | (1) | | to agree balance |

[10]

(b) Return on capital employed = profit/opening capital
= 13 000 (1)/74 000 (1)
= 17.57% (1) [3]

Total marks [13]