

MARK SCHEME for the May/June 2007 question paper

0452 ACCOUNTING

0452/02

Paper 2, maximum raw mark 90

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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.

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Page 2	Mark Scheme	Syllabus	Paper
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- 1 (a) Statement (of account) [1]
- (b) Rent, rates, water, insurance in advance (or similar)
Utilities (e.g. gas, electricity, telephone) paid in advance
Not prepayments [1]
- (c) Nominal or general (**not** personal or private)
Not journal [1]
- (d) List of balances in the general (nominal) ledger at a given date [1]
- (e) Profit and loss appropriation account [1]
- (f) Outstanding lodgements, uncredited or unpresented cheques
Items found in updating cash book, e.g. direct debits, bank interest, charges,
dishonoured cheques, bank or cash book errors [2]
- (g) error of omission, commission, principle, compensating error, error of original entry,
complete reversal (any one) [1]
- (h) Purchase of shop – capital [1]
Broken glass – revenue [1]
Cash register – capital [1]
Advertisement – revenue [1]
- (i) Net profit percentage = $(GP - \text{expenses}) / \text{sales} \times 100\%$

 GP = 32 000 [1], Expenses = 20 000, NP = 12 000 [1]**OF**
 Sales = 80 000 [1] – must be shown in calculation
 Net profit percentage = 15.00% [1]**OF**
 (need not show % sign, but **no** other sign or description allowed) [4]

[Total: 16]

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- 2 (a) (i) 5000 [1]
- (ii) 1 April 2006 (must include year) [1]
- (iii) 80 000 [1]
- (iv) Inwards/(accept "in") [1]
- (v) 37 000 [1]
- (vi) 5600 [1]
- (vii) Net profit (must show "net") [1]
- (viii) 27 800 [1]OF only if wrong gross profit [8]

(b) Rate of stock turnover = Cost of sales / average stock

$$= 88\,000 \text{ [1]} / (42\,000 + 36\,000) \text{ [1]} / 2 \text{ [1]}$$

$$= 2.26 \text{ times [1]OF}$$

(accept 2.25 times)

Alternative (reciprocal) calculation gives 161 or 162 days [4]

- (c) (i) Newsagent, petrol station, food store etc.
hairdressing salon, clothing shop, but not bank [2]
- (ii) Furniture, carpets, cars, machines, etc. [2]

[Total: 16]

Page 4	Mark Scheme	Syllabus	Paper
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- 3 (a) Note: Date, narrative and amount required for each mark
Complete reversal of account – no marks

Sales			
30 April	Trading Account	<u>500</u>	[1]
	(or Profit & Loss A/c)		
3 April	Cash (sales)	<u>500</u>	[1]
	(not "Bank")		

Ahmed			
1 April	Balance b/d	2 850	[1]
12 April	Bank	1 200	[1]
29 April	Bank	650	[1]
30 April	Balance c/d	1 000	
		<u>2 850</u>	
1 May	Balance b/d	1 000	[1]OF

Rent			
1 April	Bank	900	[1]
30 April	Balance c/d	600	
30 April	Profit & Loss A/c	300	[1]
	(not Trading A/c)	<u>900</u>	
1 May	Balance b/d	600	[1]OF <i>only if Bank entry is correct</i>

Electricity			
6 April	Bank	120	[1]
30 April	Profit and Loss A/c	180	[1]OF
30 April	Balance c/d	60	
	(not Trading A/c)	<u>180</u>	
1 May	Balance b/d	60	[1]

Wages			
29 April	Cash	<u>700</u>	[1]
30 April	Profit and Loss A/c	<u>700</u>	[1]

Drawings			
21 April	Cash	<u>800</u>	[1]
30 April	Capital	<u>800</u>	[1]
	(or balance c/d)		

[16]

- (b) Send statement of account
Offer cash discount – *not trade discount*
Refuse further business
Refer to debt collectors
Charge interest
Offer future incentives
Etc. Any two, 2 marks each

[4]
[Total: 20]

Page 5	Mark Scheme	Syllabus	Paper
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- 4 (a) Note – Narrative and correct amount required for each mark
 Correct dates required for additional marks
 Complete reversal of account – no marks
 Account in note or memorandum form – no marks

Provision for depreciation – cooker			
2006			
31 March	Balance c/d	<u>180</u>	
2006	31 March	Profit and Loss A/c (or Depreciation A/c)	<u>180</u> [1]
	1 April	Balance b/d	180 [1]
2007			
31 March	Balance c/d	360	
		<u>360</u>	
	1 April	Balance b/d	360 [1]

+ [1] for dates

Provision for depreciation – motor van			
2007			
31 March	Balance c/d	<u>1 500</u>	
2007	31 March	Profit & Loss A/c (or Depreciation A/c)	<u>1 500</u> [1]
	1 April	Balance b/d	1 500 [1]

+ [1] for dates

(b) Net book values:

(i) the cooker: \$ 840 [1]OF

(ii) the motor van \$ 4 500 [1]OF based on one year only [2]

(c)

Paula
 Balance Sheet at 31 March 2007 (extract)

	Cost	Provision for depreciation	Net book value
	\$	\$	\$
Fixed assets			
Machinery (cooker)	1200 [1]	360 [1]OF	840 [1]OF*
Motor van	6000 [1]	1500 [1]OF	4500 [1]OF*
Totals	<u>7200</u>	<u>1860</u>	<u>5340</u>

* OF marks based on answers in part (a) [6]

[Total: 16]

Page 6	Mark Scheme	Syllabus	Paper
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- 5 (a) To prepare final account
 To check arithmetical accuracy of books
 To check accounts balance
 To locate errors
 Other acceptable reason [1]

(b)

Ismail Khan
 Trial balance at 30 April 2007

	\$	\$
Sales		125 000 [1]
Stock	14 500 [1]	
Purchases	76 000 [1]	
Bank (overdraft)		2 300 [1]
Machinery	9 000 [1]	
Debtors	1 700 [1]	
Creditors		2 800 [1]
Expenses	37 500 [1]	
Capital		15 500 [1]
Drawings	8 000 [1]	
Suspense	<u>146 700</u>	<u>146 700</u> [1]OF*

***OF mark awarded if account balances. May be shown Separately but must be labelled "Suspense"** [11]

(c)

	Dr	Cr
Suspense	2 000 [1]	
Sales		2 000 [1]
To correct cash sales omitted [1] (error of single entry)		
Drawings	400 [1]	
Suspense		400 [1]
To correct error in drawings account [1] (error of double entry)		
Cash	500 [1]	
Suspense		500 [1]
To include cash balance in trial balance [1] (error of single entry)		

[9]

(d) Nil [1]OF [1]

[Total: 22]