

MARK SCHEME for the November 2004 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 initially instructed to award marks. It does 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*.

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

CIE is publishing the mark schemes for the November 2004 question papers for most IGCSE and GCE Advanced Level syllabuses.



Grade thresholds taken for Syllabus 0452 (Accounting) in the November 2004 examination.

| | Maximum mark available | Minimum mark required for grade: | | | |
|-------------|------------------------|----------------------------------|----|----|----|
| | | A | C | E | F |
| Component 2 | 90 | 77 | 64 | 50 | 43 |

The threshold (minimum mark) for B is set halfway between those for Grades A and C.
The threshold (minimum mark) for D is set halfway between those for Grades C and E.
The threshold (minimum mark) for G is set as many marks below F threshold as the E threshold is above it.

Grade A* does not exist at the level of an individual component.

NOVEMBER 2004

IGCSE

MARK SCHEME

MAXIMUM MARK: 90

SYLLABUS/COMPONENT: 0452/02

**ACCOUNTING
Paper 2**

| | | | |
|--------|-----------------------|----------|-------|
| Page 1 | Mark Scheme | Syllabus | Paper |
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| Question | | Part Mark |
|----------|---|--|
| 1 (a) | Opening entries, purchases/sale of fixed asset on credit, correction of errors, writing off bad debt, year end adjustments, items which cannot be entered in other books of prime entry, or acceptable alternative. | 1 |
| (b) | P/L Account (accept Trading and Profit and Loss Account) | 1 |
| (c) | At lower of cost of net realisable value | 1 |
| (d)(i) | $\begin{array}{r} \$1\ 000 \\ -2\frac{1}{2}\% \\ \hline \text{Amount paid} \quad \underline{25} \quad (1) \\ \underline{975} \quad (1) \text{ OF} \end{array}$ | 2 |
| (ii) | Cash discount (accept discount allowed (NOT received), early settlement) | 1 |
| (e) | Trial balance NOT T/B | 1 |
| (f) | Appropriation Account | 1 |
| (g) | Two errors, being incorrect entries of equal amounts (1) which cancel each other out (1). Marks may be given for suitable example. | 2 |
| (h) | 1. Plant and machinery, premises, motor vehicles, office equipment (NOT agricultural machines) 2. Wages, raw materials, electricity, office or general expenses, or acceptable alternatives in both cases | 2 × 1 each |
| | | 12 |
| 2 (a)(i) | \$6000 (1) | |
| (ii) | Stock (1) | |
| (iii) | \$71 000 (1) | |
| (iv) | Inwards (1) | |
| (v) | \$14 000 (1) | |
| (vi) | Received (1) (accept income) | |
| (vii) | \$7000 (1) | 7 |
| (b)(i) | $\frac{\$30\ 000}{100\ 000} \times 100 = 30\% \quad (2) \quad 28.3\% \quad (1) \quad 34.0\% \quad (1) \quad 36.0\% \quad (1)$ <p style="text-align: center;">(1) OF</p> | 2 |
| (ii) | $\frac{\$12\ 000}{100\ 000} \times 100 = 12\% \quad (2) \quad 11.3\% \quad (1)$ <p style="text-align: center;">(1) OF</p> | 2 |
| (c) | 1. No effect 2. Reduction in expenses would increase NP: sales percentage | } Must refer to % (1) } Gross profit/net profit only – no marks (1) |
| | | 13 |

| | | | |
|--------|-----------------------|----------|-------|
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| Question | | Part Mark | | | | | | | | | | | | |
|---------------------|--|--|-----------------------------------|-----------------------------|-----------------------|----|----|----|----|-----------|------------|---------------|-------------|----------|
| 3 (a) | <i>Machinery account</i> | | | | | | | | | | | | | |
| | 2001 | \$ | | | | | | | | | | | | |
| | 1 Oct | JD Engineering 20 000 (1) No aliens e.g. depreciation Creditors (not Purchases, Bank) | | | | | | | | | | | | |
| | <i>Provision for Depreciation of Machinery account</i> | | | | | | | | | | | | | |
| | 2002 | \$ | | | | | | | | | | | | |
| | 2002 | \$ | | | | | | | | | | | | |
| | 30 Sep | Balance c/d <u>6000</u> | 30 Sep P/L A/c <u>6000</u> (1) OF | | | | | | | | | | | |
| | 2003 | | | | | | | | | | | | | |
| | 30 Sep | Balance c/d 10 200 | 1 Oct Balanced b/d 6000 (1) OF | | | | | | | | | | | |
| | | <u>10 200</u> | 30 Sep P/L A/c <u>4200</u> (2) OF | | | | | | | | | | | |
| | | <u>10 200</u> | | | | | | | | | | | | |
| 2004 | | | | | | | | | | | | | | |
| 30 Sep | Balance c/d 13 140 | 1 Oct Balance b/d 10 200 (1) OF | | | | | | | | | | | | |
| | <u>13 140</u> | 30 Sep P/L A/c <u>2940</u> (2) OF | | | | | | | | | | | | |
| | | <u>13 140</u> (1) OF | | | | | | | | | | | | |
| | Reversal – no marks. P/L on Dr. side – no marks. Incorrect date(s) – 1. | | | | | | | | | | | | | |
| | (Running balance format also acceptable) | 9 | | | | | | | | | | | | |
| (b) | <i>Extract from Balance Sheet as at 30 September 2004</i> | | | | | | | | | | | | | |
| | <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;"><i>Fixed Assets</i></th> <th style="text-align: left;"><i>Cost</i></th> <th style="text-align: left;"><i>Depreciation to date</i></th> <th style="text-align: left;"><i>Net book value</i></th> </tr> <tr> <th style="text-align: center;">\$</th> <th style="text-align: center;">\$</th> <th style="text-align: center;">\$</th> <th style="text-align: center;">\$</th> </tr> </thead> <tbody> <tr> <td>Machinery</td> <td>20 000 (1)</td> <td>13 140 (1) OF</td> <td>6860 (1) OF</td> </tr> </tbody> </table> | <i>Fixed Assets</i> | <i>Cost</i> | <i>Depreciation to date</i> | <i>Net book value</i> | \$ | \$ | \$ | \$ | Machinery | 20 000 (1) | 13 140 (1) OF | 6860 (1) OF | 3 |
| <i>Fixed Assets</i> | <i>Cost</i> | <i>Depreciation to date</i> | <i>Net book value</i> | | | | | | | | | | | |
| \$ | \$ | \$ | \$ | | | | | | | | | | | |
| Machinery | 20 000 (1) | 13 140 (1) OF | 6860 (1) OF | | | | | | | | | | | |
| (c)(i) | \$20 000 – 2000 (1) = 18 000 \$3000 without workings = 2 marks | | | | | | | | | | | | | |
| | $\frac{\$18000}{6(1)} = \$3000 \times 3(1) = \$9000$ | 3 | | | | | | | | | | | | |
| (ii) | <p>ONE from:</p> <p>Machinery's value may not fall heavily in earlier years</p> <p>Maintenance costs may not rise disproportionately over time</p> <p>Straight line easier to calculate, same amount each year</p> <p>Difficulty in choosing reducing balance rate or acceptable alternative</p> | <p>1 mark for basic statement</p> <p>+1 mark for suitable development</p> <p>= 2</p> | | | | | | | | | | | | |
| | | 2 | | | | | | | | | | | | |
| | | 17 | | | | | | | | | | | | |

| Jonah Cash Book | | | | | | | | | | | | | | |
|--------------------|----|-------------------|-----|----------|-----------|------------|------|----|-------------------------------------|-----|----------|---------|-----------|----|
| Date | | | | Discount | Cash | Bank | Date | | | | Discount | Cash | Bank | |
| 2004 | | | | \$ | \$ | \$ | 2004 | | | | \$ | \$ | \$ | |
| July | 1 | Balances | b/d | | 600 | 2500 | July | 7 | Cash * | | | | 200 (1) | |
| | 3 | H Syde | | 10 (1) | | 490 (1)OF | | 10 | J Teime | | 15 (1) | | 385 (1)OF | |
| | 7 | Bank * | | | 200 (1) | | | 12 | Wages | | | 400 (1) | | |
| | 14 | B Sharp | | 20 (1) | | 780 (1) | | 17 | P Mulder | | 25 (1) | | 975 (1)OF | |
| | 20 | Cash Sales banked | | | | 350 (1) | | 24 | Wages | | | 250 (1) | | |
| | | | | | | | | | Electricity | | | | 600 (1) | |
| | 21 | M Yaveli | | | | 630 (1) | | 29 | M Yaveli ** (dishonoured cheque) | | | | 630 (2) | |
| | | | | | | | | 31 | Balances | c/d | | 150 | 1960 | |
| | | | | 30 (1)OF | 800 | 4750 | | | | | 40 (1)OF | 800 | 4750 | |
| August | 1 | Balances | b/d | | 150 (1)OF | 1960 (1)OF | | | | | | | | 21 |

* Accept: office, Transfer, Contra

** Yaveli – 2 marks for date, name and amount
1 mark if name missing but words “dishonoured cheque” shown

Notes:

Award discount mark if correct amount on correct date

Award amount (OF) mark if correct date, name and amount shown

Balance marks – (a) no aliens in account
– (b) no CR cash balance
– (c) balances must be arithmetically correct

Any figure shown in DR and CR column – no marks

| | | | |
|--------|-----------------------|----------|-------|
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| Question | | Part Mark | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|---|--------------------------|-------------------|-----|----------------|--------------------|---------|----------------|----|--------------------------------|------------|-------------------|------------|---------------|---|-------|-----------|---------------------|-----------|------------------|------------|---------|-----------|--------|-----------|--|------------------|--|----------|--------------|------------------|--------------|----------------|---------------------|-----------|--------------------------|--|----------------|----------|--------------|------------------|---------|-------------------|--|-------------------|-----------|-----------------------|
| 4 (b) | <p style="text-align: center;"><i>Discounts allowed account</i></p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 20%;">2004</td> <td style="width: 20%;"></td> <td style="width: 20%; text-align: right;">\$</td> <td style="width: 20%;"></td> <td style="width: 20%;"></td> </tr> <tr> <td>July 31</td> <td>Total for July</td> <td style="text-align: right;">30</td> <td style="border-left: 1px solid black;"></td> <td style="text-align: right;">(2)</td> </tr> <tr> <td></td> <td>Creditors</td> <td></td> <td style="border-left: 1px solid black;"></td> <td></td> </tr> <tr> <td></td> <td>Cash book</td> <td></td> <td style="border-left: 1px solid black;"></td> <td></td> </tr> </table> <p style="text-align: center;"><i>Discounts received account</i></p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 20%;"></td> <td style="width: 20%;"></td> <td style="width: 20%;"></td> <td style="width: 20%; text-align: right;">2004</td> <td style="width: 20%;"></td> </tr> <tr> <td></td> <td></td> <td></td> <td style="text-align: right;">July 31</td> <td style="text-align: right;">\$</td> </tr> <tr> <td></td> <td>Total for July</td> <td style="text-align: right;">40</td> <td style="border-left: 1px solid black;"></td> <td style="text-align: right;">(2)</td> </tr> <tr> <td></td> <td>Debtors</td> <td></td> <td style="border-left: 1px solid black;"></td> <td></td> </tr> <tr> <td></td> <td>Cash book</td> <td></td> <td style="border-left: 1px solid black;"></td> <td></td> </tr> </table> <p>NOT individual discount entries</p> | 2004 | | \$ | | | July 31 | Total for July | 30 | | (2) | | Creditors | | | | | Cash book | | | | | | | 2004 | | | | | July 31 | \$ | | Total for July | 40 | | (2) | | Debtors | | | | | Cash book | | | | 4 25 |
| 2004 | | \$ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| July 31 | Total for July | 30 | | (2) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Creditors | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Cash book | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | 2004 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | July 31 | \$ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Total for July | 40 | | (2) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Debtors | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Cash book | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 5 (a) | <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 40%;"></th> <th style="width: 20%; text-align: center;"><u>1/10/03</u></th> <th style="width: 20%;"></th> <th style="width: 20%; text-align: center;"><u>30/9/04</u></th> </tr> <tr> <th></th> <th style="text-align: center;">\$</th> <th></th> <th style="text-align: center;">\$</th> </tr> </thead> <tbody> <tr> <td>Fixtures and fittings</td> <td style="text-align: right;">12 000 (1)</td> <td></td> <td style="text-align: right;">14 000 (1)</td> </tr> <tr> <td>Motor vehicle</td> <td style="text-align: center;">-</td> <td></td> <td style="text-align: right;">3 000 (1)</td> </tr> <tr> <td>Stock</td> <td style="text-align: right;">3 000 (1)</td> <td></td> <td style="text-align: right;">11 000 (1)</td> </tr> <tr> <td>Debtors</td> <td style="text-align: right;">5 500 (1)</td> <td></td> <td style="text-align: right;">1 000 (1)</td> </tr> <tr> <td>Bank</td> <td style="text-align: right;"><u>1 500</u> (1)</td> <td></td> <td style="text-align: right;"><u>-</u></td> </tr> <tr> <td></td> <td style="text-align: right;">22 000</td> <td></td> <td style="text-align: right;">29 000</td> </tr> <tr> <td>Less Creditors</td> <td style="text-align: right;">5 000 (1)</td> <td style="text-align: right;">4 000 (1)</td> <td></td> </tr> <tr> <td>Bank overdraft</td> <td style="text-align: right;"><u>-</u></td> <td style="text-align: right;"><u>5 000</u></td> <td style="text-align: right;"><u>2 000</u> (1)</td> </tr> <tr> <td>Capital</td> <td style="text-align: right;"><u>17 000</u> (1)</td> <td></td> <td style="text-align: right;"><u>23 000</u> (1)</td> </tr> </tbody> </table> <p>Accept any clean layout but not just figures added and subtracted without narrative.</p> | | <u>1/10/03</u> | | <u>30/9/04</u> | | \$ | | \$ | Fixtures and fittings | 12 000 (1) | | 14 000 (1) | Motor vehicle | - | | 3 000 (1) | Stock | 3 000 (1) | | 11 000 (1) | Debtors | 5 500 (1) | | 1 000 (1) | Bank | <u>1 500</u> (1) | | <u>-</u> | | 22 000 | | 29 000 | Less Creditors | 5 000 (1) | 4 000 (1) | | Bank overdraft | <u>-</u> | <u>5 000</u> | <u>2 000</u> (1) | Capital | <u>17 000</u> (1) | | <u>23 000</u> (1) | 13 | |
| | <u>1/10/03</u> | | <u>30/9/04</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | \$ | | \$ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Fixtures and fittings | 12 000 (1) | | 14 000 (1) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Motor vehicle | - | | 3 000 (1) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Stock | 3 000 (1) | | 11 000 (1) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Debtors | 5 500 (1) | | 1 000 (1) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Bank | <u>1 500</u> (1) | | <u>-</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 22 000 | | 29 000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Less Creditors | 5 000 (1) | 4 000 (1) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Bank overdraft | <u>-</u> | <u>5 000</u> | <u>2 000</u> (1) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Capital | <u>17 000</u> (1) | | <u>23 000</u> (1) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| (b) | <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 40%;"></th> <th style="width: 20%;"></th> <th style="width: 20%; text-align: center;">\$</th> <th style="width: 20%;"></th> </tr> </thead> <tbody> <tr> <td>Capital at 30/9/04</td> <td></td> <td style="text-align: right;">23 000 (1)</td> <td></td> </tr> <tr> <td><u>Less</u> Capital at 1/10/03</td> <td></td> <td style="text-align: right;"><u>17 000</u> (1)</td> <td></td> </tr> <tr> <td></td> <td></td> <td style="text-align: right;">6 000</td> <td></td> </tr> <tr> <td><u>Add</u> Drawings</td> <td></td> <td style="text-align: right;"><u>8 000</u> (1)</td> <td></td> </tr> <tr> <td></td> <td></td> <td style="text-align: right;">14 000</td> <td></td> </tr> <tr> <td><u>Less</u> Capital introduced (vehicle)</td> <td style="text-align: right;">3 000 (2)</td> <td></td> <td></td> </tr> <tr> <td>Depreciation</td> <td style="text-align: right;"><u>1 000</u> (1)</td> <td style="text-align: right;"><u>4 000</u></td> <td></td> </tr> <tr> <td>Net profit for year</td> <td></td> <td style="text-align: right;"><u>10 000</u> (2) (1) OF</td> <td></td> </tr> </tbody> </table> <p>Award marks of correct sense (+/-), description and amount.</p> | | | \$ | | Capital at 30/9/04 | | 23 000 (1) | | <u>Less</u> Capital at 1/10/03 | | <u>17 000</u> (1) | | | | 6 000 | | <u>Add</u> Drawings | | <u>8 000</u> (1) | | | | 14 000 | | <u>Less</u> Capital introduced (vehicle) | 3 000 (2) | | | Depreciation | <u>1 000</u> (1) | <u>4 000</u> | | Net profit for year | | <u>10 000</u> (2) (1) OF | | 8 | | | | | | | | | |
| | | \$ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Capital at 30/9/04 | | 23 000 (1) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <u>Less</u> Capital at 1/10/03 | | <u>17 000</u> (1) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | 6 000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <u>Add</u> Drawings | | <u>8 000</u> (1) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | 14 000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <u>Less</u> Capital introduced (vehicle) | 3 000 (2) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Depreciation | <u>1 000</u> (1) | <u>4 000</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Net profit for year | | <u>10 000</u> (2) (1) OF | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| | | | |
|---------------|------------------------------|-----------------|--------------|
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| Question | | Part Mark |
|-----------------|---|------------------|
| (c) | <p>ONE from:</p> <ul style="list-style-type: none"> Purchase of more fixtures Increase in stocks Decrease in creditors Cash flow problems (Possibly) increased drawings or acceptable alternative | <p>2 or 0</p> |
| | | 2 |
| | | 23 |