

# UNIVERSITY OF CAMBRIDGE INTERNATIONAL EXAMINATIONS

International General Certificate of Secondary Education

## MARK SCHEME for the November 2005 question paper

### 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*.

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.

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

CIE is publishing the mark schemes for the November 2005 question papers for most IGCSE and GCE Advanced Level and Advanced Subsidiary Level syllabuses and some Ordinary Level syllabuses.

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	<b>IGCSE – November 2005</b>	<b>0452</b>	<b>02</b>

- | <b>Question Number</b>               | <b>Question (including any source details)</b>  | <b>Part mark</b>    |                     |                     |                        |              |  |                          |  |              |                                      |              |  |                                   |  |              |            |
|--------------------------------------|---|---------------------|---------------------|---------------------|------------------------|--------------|--|--------------------------|--|--------------|--------------------------------------|--------------|--|-----------------------------------|--|--------------|------------|
| <b>1</b>                             | <b>(a)</b> Cash book  | <b>[1]</b>          |                     |                     |                        |              |  |                          |  |              |                                      |              |  |                                   |  |              |            |
|                                      | <b>(b)</b> A reduction in price allowed for bulk purchases or to a regular customer   | <b>[1]</b>          |                     |                     |                        |              |  |                          |  |              |                                      |              |  |                                   |  |              |            |
|                                      | <b>(c)</b> Current liabilities  | <b>[1]</b>          |                     |                     |                        |              |  |                          |  |              |                                      |              |  |                                   |  |              |            |
|                                      | <b>(d)</b> Imprest system   | <b>[1]</b>          |                     |                     |                        |              |  |                          |  |              |                                      |              |  |                                   |  |              |            |
|                                      | <b>(e)</b> The net amount for which the stock may be sold   | <b>[1]</b>          |                     |                     |                        |              |  |                          |  |              |                                      |              |  |                                   |  |              |            |
|                                      | <b>(f)</b> <b>(i)</b> Trading Account   | <b>[1]</b>          |                     |                     |                        |              |  |                          |  |              |                                      |              |  |                                   |  |              |            |
|                                      | <b>(ii)</b> Profit and Loss Account   | <b>[1]</b>          |                     |                     |                        |              |  |                          |  |              |                                      |              |  |                                   |  |              |            |
|                                      | <b>(g)</b>  |                     |                     |                     |                        |              |  |                          |  |              |                                      |              |  |                                   |  |              |            |
|                                      | <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 50%;"></th> <th style="width: 25%;">Capital Expenditure</th> <th style="width: 25%;">Revenue Expenditure</th> </tr> </thead> <tbody> <tr> <td>Purchase of motor van.</td> <td style="text-align: center;">√ <b>(1)</b></td> <td></td> </tr> <tr> <td>New tyres for motor van.</td> <td></td> <td style="text-align: center;">√ <b>(1)</b></td> </tr> <tr> <td>Painting business name on motor van.</td> <td style="text-align: center;">√ <b>(1)</b></td> <td></td> </tr> <tr> <td>Cost of oil for motor van engine.</td> <td></td> <td style="text-align: center;">√ <b>(1)</b></td> </tr> </tbody> </table> |                     | Capital Expenditure | Revenue Expenditure | Purchase of motor van. | √ <b>(1)</b> |  | New tyres for motor van. |  | √ <b>(1)</b> | Painting business name on motor van. | √ <b>(1)</b> |  | Cost of oil for motor van engine. |  | √ <b>(1)</b> | <b>[4]</b> |
|                                      | Capital Expenditure   | Revenue Expenditure |                     |                     |                        |              |  |                          |  |              |                                      |              |  |                                   |  |              |            |
| Purchase of motor van.               | √ <b>(1)</b>  |                     |                     |                     |                        |              |  |                          |  |              |                                      |              |  |                                   |  |              |            |
| New tyres for motor van.             |   | √ <b>(1)</b>        |                     |                     |                        |              |  |                          |  |              |                                      |              |  |                                   |  |              |            |
| Painting business name on motor van. | √ <b>(1)</b>  |                     |                     |                     |                        |              |  |                          |  |              |                                      |              |  |                                   |  |              |            |
| Cost of oil for motor van engine.    |   | √ <b>(1)</b>        |                     |                     |                        |              |  |                          |  |              |                                      |              |  |                                   |  |              |            |
|                                      | <b>(h)</b> Gross profit (\$45 000) less expenses (\$30 000) = net profit (\$15 000)<br>ROCE = 15 000 <b>(1)</b> /150 000 <b>(1)</b> = 10% <b>(1)</b> .  | <b>[3]</b>          |                     |                     |                        |              |  |                          |  |              |                                      |              |  |                                   |  |              |            |
|                                      | <b>(i)</b> “Current” <b>(1)</b> assets less “Current” <b>(1)</b> liabilities.   | <b>[2]</b>          |                     |                     |                        |              |  |                          |  |              |                                      |              |  |                                   |  |              |            |

**[Total 16]**

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<b>Question Number</b>	<b>Question (including any source details)</b>	<b>Part mark</b>
<b>2 (a)</b>	<b>(i)</b> 3 000	<b>[1]</b>
	<b>(ii)</b> \$100.00	<b>[1]</b>
	<b>(iii)</b> \$1 300.00	<b>[1]</b>
	<b>(iv)</b> Cash discount	<b>[1]</b>
<b>(b)</b>	<b>(i)</b> \$75.00	<b>[1]</b>
	<b>(ii)</b> \$2 425.00	<b>[1]</b>
	<b>(iii)</b> Nil	<b>[1]</b>
	<b>(iv)</b> \$1 300.00	<b>[1]</b>

**(c)** General Supply Company Account

Date 2005		\$	Date 2005		\$
5 September	Bank	2 425 <b>(1)OF</b>	1 September	Balance b/d	2 500 <b>(1)</b>
	Discount	75 <b>(1)OF</b>	25 September	Purchases	1 300 <b>(1)OF</b>
30 September	Balance c/d	1 300			
		3 800			3 800
30 October	Bank	1 300 <b>(1)OF</b>	1 October	Balance b/d	1 300 <b>(1)OF</b>
		1 300			1 300

Running balance acceptable.

**[6]**

**[Total 14]**

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Question Number	Question (including any source details)	Part mark
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3 (a)

Smith  
Trading and Profit and Loss Account  
Year ended 30 June 2005

	\$	\$
Sales		102 000 (1)
Opening stock	8 400 (1)	
Purchases (75,600 + 4,000)	79 600 (2)	
Carriage inwards	<u>700 (1)</u>	
	88 700	
less: closing stock	<u>7 100 (1)</u>	
Cost of sales (1)		<u>81 600 (1)</u>
Gross profit		20 400 (1) OF
Advertising	400 (1)	
Provision for depreciation of fixed assets	700 (1)	
General expenses	390 )	
Insurance	420 )(1)	
Lighting and heating	600 )	
Motor expenses (860 + 350)	1 210 (1)	
Office expenses	280 )	
Rent	720 )(1)	
Postage and stationery	180 )	
Wages and salaries	<u>5 250 (1)</u>	
Net profit		<u>10 150</u> <u>10 250 (1) OF</u>

(Horizontal presentation acceptable) [16]

(b) (i) Gross profit percentage	$= \text{gross profit/sales}$ $= 20\,400 / 102\,000 \times 100$ $= 20.00\%$	(1) OF (1)
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(ii) Net profit percentage	$= \text{net profit/sales}$ $= 10\,250 / 102\,000 \times 100$ $= 10.05\%$	(1) OF (1)
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<b>Question Number</b>	<b>Question (including any source details)</b>	<b>Part mark</b>
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(c) Jones may charge higher prices for his goods, possibly because they are in high demand

Jones can buy his goods more cheaply, take advantage of trade discount

Other similar points up to 2 marks each [4]

**[Total 24]**

4 (a) To charge the cost of the capital expenditure to profits earned over the useful life of the asset (or similar acceptable answer) [2]

(b)

Year ended 30 September		Straight line method \$	Reducing balance method \$
2005		3 600 (1)	8 000 (1)
2006		3 600	6 400 (1)OF
2007		3 600 (1)	5 120 (1)OF

[5]

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**Question Number**      **Question (including any source details)**

**Part mark**

(c)

Date 2005		\$	Date 2005		\$
30 September	Balance c/d	8 000	30 September	Profit and loss account	8 000 <b>(1)OF</b>
		8 000			8 000
			1 October	Balance b/d	8 000 <b>(1)OF</b>
2006			2006		
30 September	Balance c/d	14 400	30 September	Profit and loss account	6 400 <b>(1)OF</b>
		14 400			14 400
			1 October	Balance b/d	14 400 <b>(1)OF</b>
2007			2007		
30 September	Balance c/d	19 520	30 September	Profit and loss account	5 120 <b>(1)OF</b>
		19 520			19 520
			1 October	Balance b/d	19 520 <b>(1)OF</b>

+ **(1)** for all dates correct.

**[7]**

**[Total 14]**

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**Question Number**      **Question (including any source details)**      **Part mark**

5 (a)

Anvil  
Balance Sheet at 31 August 2005

Fixed assets	Cost	Depreciation	Net Book Value
	\$	\$	\$
Plant and machinery	45 000 (1)	12 000 (1)	33 000 (1)
Motor cars	<u>22 000 (1)</u>	<u>5 400 (1)</u>	<u>16 600 (1)</u>
	<u>67 000</u>	<u>17 400</u>	49 600
Current assets			
Stock		16 000 (1)	
Debtors		52 000 (1)	
Prepayments		1 800 (1)	
Bank and cash		<u>22 400 (1)</u>	
		92 200	
less: Current liabilities			
Accruals	3 300 (1)		
Creditors	<u>32 000 (1)</u>		
		<u>35 300</u>	
Net current assets (working capital)			<u>56 900</u>
			106 500
Long term liability – Bank loan			<u>15 000 (1)</u>
			<u>91 500</u>
Capital			
Balance at 1 September 2004		91 000 (1)	
Net profit		<u>30 500 (1)</u>	
		121 500	
less: drawings		<u>30 000 (1)</u>	
			<u>91 500</u>

[16]

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Question Number	Question (including any source details)	Part mark
(b)	(i) <u>Bank + Debtors + Prepayments + Stock</u> Accruals + Creditors	
	$22\,400 + 52\,000 + 1\,800 + 16\,000 = 92\,200$ (1)	
	$3\,300 + 32\,000 = 35\,300$ (1)	
	Current ratio = 2.61:1 (1)OF	[3]
	(ii) As above without stock	
	$76\,200$ (1)/ $35\,300$ (1)	
	Quick ratio = 2.16:1 (1)OF	[3]
		[Total 22]