UNIVERSITY OF CAMBRIDGE INTERNATIONAL EXAMINATIONS International General Certificate of Secondary Education

www.papacambridge.com MARK SCHEME for the October/November 2007 question paper

0452 ACCOUNTING

0452/03

Paper 3, maximum raw mark 100

This mark scheme is published as an aid to teachers and candidates, 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.

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

CIE is publishing the mark schemes for the October/November 2007 question papers for most IGCSE, GCE Advanced Level and Advanced Subsidiary Level syllabuses and some Ordinary Level syllabuses.

Page 2	Mark Scheme	Syllabus 7.0 er
	IGCSE – October/November 2007	0452
At the	tty cashier starts each period with the same amour and of the period the chief cashier will make up th	
to the i	mprest amount (1)	ic cash ternaining so that it is

(b))
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Total	Date	Details	Total	Postages	Travelling	Cleaning	Ledger
Received			Paid	&	expenses		accounts
				stationery			
\$	2007		\$	\$	\$	\$	\$
48 (1)	Sept 1	Balance b/d					
252(1)		Cash/Bank					
	6	Postage stamps	15	15 (1)			
	11	Paul Ahipara	95				95 (1)
	19	Cleaner	24			24 (1)	
	23	Travelling expenses	9		9 (1)		
	25	Stationery	72	72 (1)			
6 (1)	29	Refund on stationery					
			215 (1)	87	9	24	95
	30	Balance c/d	<u>91</u>				
<u>306</u>			<u>306</u>				
91 (1)O/F	Oct 1	Balance b/d					
209 (1)O/F		Cash/Bank					
	Dates			(1)			

Dates	(1)
4 O/F totals of analysis columns	(1)
2 Matching O/F totals of Total Columns	(1)

[14]

(c) At the end of each period (1) the totals of the analysis columns for expenses (1) are debited to the appropriate expense account (1)

The individual items in the ledger accounts column are debited to the appropriate creditors' accounts (1) [4]

[Total: 20]

IGCSE - October/November 20070452(a) If stock is not valued at the lower figure then both the net profit and the current a be overstated (2) Or It is the application of the principle of prudence (2)(b)Red Barn Manufacturing Manufacturing Account for the year ended 31 August 2007Cost of raw material Opening stock of raw material Purchases\$	Pag	ge 3	Mark Sch	eme		Syllabus	A er
Red Barn Manufacturing Manufacturing Account for the year ended 31 August 2007\$\$Cost of raw material43 500 (1) PurchasesDirect factory wages $\frac{473 600}{1056 100}$ (1) Factory indirect wagesPrime cost1056 100 1056 100 (1)Part actory general expenses335 500 (1) 1621 200 (1)0/FAdd Opening work in progress $\frac{21400}{1622 600}$ (1) 1622 600 (1)Less Closing work in progress15800 (1) 1622 600 (1)Cost of production1628 800 (1) 1622 600 (1)(c)Red Barn Manufacturing Trading Account for the year ended 31 August 2007\$\$\$\$Cost of production1626 800 (1) 1628 800 (1)(c)Red Barn Manufacturing Trading Account for the year ended 31 August 2007\$\$\$\$Cost of production1626 800 (1) 1628 800 (1)Less Closing stock of finished goods142 100 (1) 1628 800 (1)Less Closing stock of finished goods142 100 (1) 163 500 (1)Cost of production1626 800 (1)O/F 168 900Less Closing stock of finished goods163 500 (1) 163 500 (1)(d)Rate of stock turnover1605 400 O/F (142 100 + 163 500) + 2 = 10.51 times (1)O/F(e)Reduce stock levels (1) Generate more sales activity (1)[2]					07	0452	aba.
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(e) Reduce stock levels (1) Generate more sales activity (1) [2]			•				• -
(e) Reduce stock levels (1) Generate more sales activity (1) [2]	(d)	Rate of st	ock turnover1605 400	O/F = 1	0.51 tim	es (1)O/F	[2]
Generate more sales activity (1) [2]	、 <i>,</i>		(142100 + 163	8 500) ÷ 2			
	(e)	Reduce st	tock levels (1)				
[Total: 22]		Generate	more sales activity (1)				[2]
							[Total: 22]

Page 4	Mark Scheme		Syllabus	er
	IGCSE – October/Novembe	er 2007	0452	220
(a)				an,
.,	Al Shuhada M	usic Club		'On:
In	come and Expenditure Account for th	e year ended	30 September 2007	900
		\$	\$	23 Cambridge
Inco				
	scriptions (9550 + 350 (1) – 150 (1))	3 000	9 750	
Cor	Concert – Ticket sales Less Expenses		<u> 270</u> (1)	
		<u>2 730</u>	10 020	
Exc	enditure			
	perty tax (3130 – 400 (1) – 240 (1))	2 490		
	Irance	1 780}		
	neral expenses	5 820} (1)		
	k charges	210 (1)		
Dep	preciation – musical instruments (9800 + 750 – 8700)	<u>1 850</u> (1)	12 150	
Dof	icit for the year	<u>1000</u> (1)	<u>2 130</u> (1)O/F	

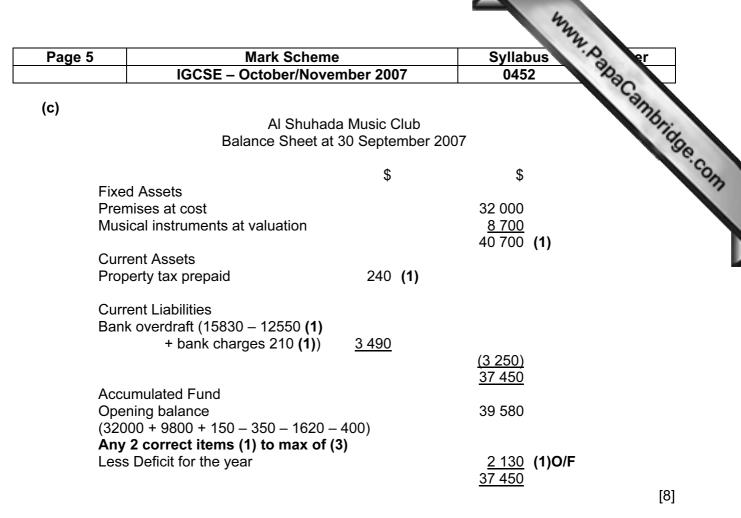
(b) Either

Opening bank balance (1)

This is neither income nor expenditure for the year as it represents the bank overdraft on 1 October 2006. (1)

Or

Purchase of new instruments (1) This is not regarded as revenue expenditure as it is the purchase of a fixed asset. (1) [2]



[Total: 19]

			Mary .
	Page 6	Mark Scheme	Syllabus Syllabus
		IGCSE – October/November 2007	0452
4	Ann The May Or o	and Fay lose a degree of control and Fay will have to share any future profits with Kim isk of conflict of opinion is increased nvolve extra costs (accommodation/staff support etc.) her acceptable point	Syllabus 0452 Babacambridge.com
	Any	1 point (1)	[1]
		o avoid disagreements/misunderstandings later	[2]
	(ii)	nterest on capital	[1]
	(iii)	Partner's salary	[1]

(c) (i)

Goodwill account					
2007	\$	2007	\$		
Oct 1 Ann Capital	10 200 (1)	Oct 1 Ann Capital	8 500 (1)		
Fay Capital	6 800 (1)	Fay Capital	5 100 (1)		
		Kim Capital	3 400 (1)		
	17 000		17 000		

Alternative presentation

Goodwill account						
	Debit	Credit	Balance			
2007	\$	\$	\$			
Oct 1 Ann Capital	10 200 (1)		10 200 Dr			
Fay Capital	6 800 (1)		17 000 Dr			
Ann Capital		8 500 (1)	8 500 Dr			
Fay Capital		5 100 (1)	3 400 Dr			
Kim Capital		3 400 (1)	0			

[5]

[5]

Page 7		Mark So	cheme		Syllabus	S.	er
	IGCSE –	October	/Novemb	per 2007	0452		200
c) (ii)							an
		C	Capital ac	counts			Oric
	Ann	Fay	Kim		Ann	Fay	er naCambrids Kim \$
2007	\$	\$	\$	2007	\$	\$	\$
Oct 1 Good	will 8500	5100	3400	Oct 1 Balances b/d	30000	15000	
	(1)O/F	(1)O/F	(1)O/F		(1)	(1)	
Balances c/	d 31700	16700	7600	Goodwill	10200	6800	
				_ .	(1)O/F	(1)O/F	
				Bank			10000
				Office Eqp.			(1) 1000
				Once Eqp.			(1)
							(')
	40200	21800	11000		40200	21800	11000
				Oct 2 Balances b/d	31700	16700	7600
					(1)O/F	(1)O/F	(1)O/F

[Total: 22]

(c) (ii) Alternative presentation

	Ann Ca	pital account	
	Debit	Credit	Balance
2007	\$	\$	\$
Oct 1 Balance		30 000 (1)	30 000 Cr
Goodwill		10 200 (1)O/F	40 200 Cr
Goodwill	8 500 (1)O/F		31 700 Cr (1)O/F
			.,

Fay Capital account	Fay	Capital	account
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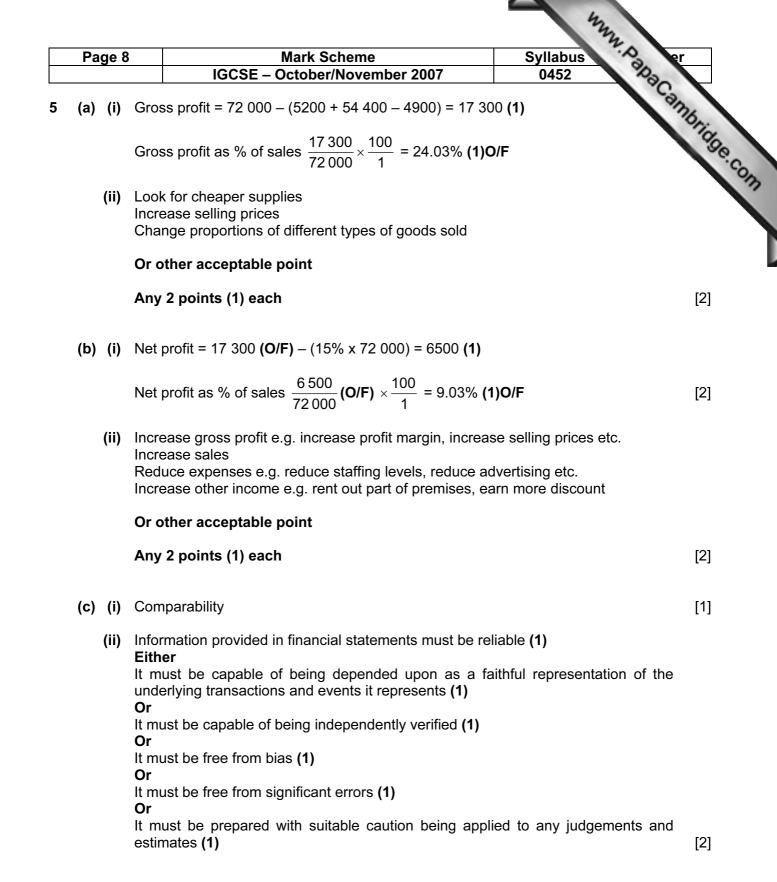
	Debit	Credit	Balance
2007	\$	\$	\$
Oct 1 Balance		15 000 (1)	15 000 Cr
Goodwill		6 800 (1)O/F	21 800 Cr
Goodwill	5 100 (1)O/F		16 700 Cr (1)O/F

Kim Capital account

	Debit	Credit	Balance
2007	\$	\$	\$
Oct 1 Bank		10 000 (1)	10 000 Cr
Office Eqp.		1 000 (1)	11 000 Cr
Goodwill	3 400 (1)O/F		7 600 Cr (1)O/F
			.,

[12]

[Total: 22]



Page 9	Mark Scheme	Syllabus
Faye 3	IGCSE – October/November 2007	0452
Assessr Assessr	anager nent of prospects of any requested loan/overdraft re nent of prospects of any interest on loan/overdraft b nent of the security available to cover any loan/over	eing paid when due
Assessn	nent of prospects of any requested loan when due nent of prospects of any interest on loan being paid nent of the security available to cover any loan	
Assessn Identifyii Identifyii	for goods nent of the liquidity position ng how long the business takes to pay creditors ng future prospects of the business ng what credit limit is reasonable	
Assessr Basis of Control	rs (if any) nent of past performance future planning he activities of the business ng areas where corrective action is required	
	r suitable interested persons e.g. trades unions/ nent bodies/take-over-bidders/competitors etc	employees/
	arties to be identified – (1) each giving a total of ceptable reason required in each case – (1) givin	

[Total: 17]