

CAMBRIDGE
INTERNATIONAL EXAMINATIONS

June 2003

INTERNATIONAL GCSE

MARK SCHEME

MAXIMUM MARK: 40

SYLLABUS/COMPONENT: 0452/01

ACCOUNTING
Paper 1 (Multiple Choice)

Page 1	Mark Scheme	Syllabus
	IGCSE EXAMINATIONS – JUNE 2003	0452

Question Number	Key	Question Number	Key
1	D	21	A
2	D	22	C
3	A	23	C
4	B	24	C
5	A	25	D
6	A	26	C
7	B	27	C
8	C	28	B
9	D	29	B
10	C	30	B
11	A	31	B
12	B	32	D
13	C	33	B
14	A	34	B
15	A	35	D
16	B	36	A
17	A	37	B
18	B	38	A
19	B	39	B
20	D	40	B

TOTAL 40

June 2003

INTERNATIONAL GCSE

MARK SCHEME

MAXIMUM MARK: 90

SYLLABUS/COMPONENT: 0452/02

ACCOUNTING
Paper 2 (Structured Questions)

Page 1	Mark Scheme	Syllabus	Number
	IGCSE EXAMINATIONS – JUNE 2003	0452	

Question Number	Mark Scheme Details	Mark
1	<p>(a) Trade creditors, accrued expense(s), bank overdraft Or acceptable alternative</p> <p>(b) N.P. is undervalued/understated</p> <p>(c) One from: Correction of errors Opening entries Purchase/sale of fixed asset Other transfers/adjustments</p> <p>(d) 1. P/L Appropriation (1) 2. P/L (1) 3. P/L Appropriation (1)</p> <p>(e) 1. Revenue 2. Capital 3. Capital</p> <p>(f) Asset (1) or expense (1)</p> <p>(g) Cost 1/1/01 20000 - Depn. 31/12/01 (30%) <u>6000</u> (1) C/F N.B.V. 31/12/01 14000 (1) - Depn. 31/12/02 (30%) <u>4200</u> (1) O/Fs N.B.V. 31/12/02 <u>9800</u> (1)</p> <p>(h) Current liabilities</p> <p>(i) Imprest system</p> <p>(j) Error of commission</p> <p>(k) Advantage of business due to its: - reputation - well-established clientele - location - good staff relations/reliable workforce - goodwill</p>	<p>1</p> <p>1</p> <p>1</p> <p>3</p> <p>3</p> <p>2</p> <p>4</p> <p>1</p> <p>1</p> <p>1</p> <p>1</p> <p>1</p> <p>19</p>

Page 2	Mark Scheme	Syllabus Paper
	IGCSE EXAMINATIONS – JUNE 2003	0452

Question Number		Mark Scheme Details		Mark
2	(a)	Danbi Wyske		
		<u>Trial Balance as at 30 April 2003</u>		
	(b)	Suspense Account		

2 (a) An own figure mark for the Capital figure should only be awarded if a credit balance is shown.

Page 3	Mark Scheme	Syllabus
	IGCSE EXAMINATIONS – JUNE 2003	0452

Question Number	Mark Scheme Details	
3	(a) (i) \$12000 (1)	
	(ii) Purchase returns (accept 'returns') (1)	
	(iii) Closing stock (accept 'Stock at 31 March 2003') (1)	
	(iv) \$5000 (1)	
	(v) received (1)	
	(vi) £15000 (1)	6
	(b) $\frac{\$30000}{200000} \times 100 (1) = 15\% (1) \text{ C/F}$	2
	(c) Capital employed: \$200000 + <u>50000</u> 250000 $\frac{\$30000}{250000} \times 100 (1) = 12\% (2) \text{ O/F 1}$	3
	(d) N.P. as percentage of capital employed: - measures <u>overall profitability</u> of the business in relation to resources used - indicates <u>adequacy of return</u> on owner's investment - enables <u>comparisons</u> to be made, e.g. against other investments, earlier years, similar firms - assists <u>decision-making</u> , e.g. in production, cost of borrowing or other acceptable points	4
	For each reason given: 2 marks	15

Karl
Cash Book

Date			Discount	Cash	Bank	Date		Discount	Cash	Bank
2003			\$	\$	\$			\$	\$	\$
April	1	Balances b/d		200	2500	2003	6		Cash	300 (1)
	4	M Fynne	10 (1)		190 (1)	April	8	15 (1)	S Ghalli	600 (1)
	6	Bank		300 (1)			10		Wages	250 (1)
	14	J Bildt	40 (1)		1460 (1)		17		Cash	400 (1)
	17	Bank		400 (1)			21	30 (1)	T Daktyl	800 (1)
	28	Sales (cash)		800 (1)			25		Wages	350 (1)
	30	Cash			500 (1)		30		Bank	500 (1)
									Balances c/d	600
			50 (1)	1700	4650			45 (1)		2550
										4650
May	1	Balances b/d		600 (1)	2550 (1)	C/Fs				

21

(b)

		Nominal Ledger	
		Discount Allowed Account	
2003			\$
April	30	Total for April (or similar acceptable wording) (1)	50 (1)

Discount Received Account

		Discount Received Account	
2003			\$
April	30	Total for April (or similar acceptable wording) (1)	45 (1)

4

25

(b)

2003					
April	30	Total for April (or similar acceptable wording) (1)			50 (1)
					\$

2003	
April	30

Page 5	Mark Scheme	Syllabus
	IGCSE EXAMINATIONS – JUNE 2003	0452

Question Number	Mark Scheme Details																																																																	
5	(a)	<p style="text-align: center;">Carrie Okie <u>Balance Sheet as at 1 April 2002</u></p> <table><tr><td></td><td style="text-align: right;">\$</td><td style="text-align: right;">\$</td></tr><tr><td>Fixed assets</td><td></td><td style="text-align: right;">50000 (1)</td></tr><tr><td>Current assets</td><td style="text-align: right;">20000 (1)</td><td></td></tr><tr><td><u>Less</u> Current liabilities</td><td style="text-align: right;"><u>15000 (1)</u></td><td style="text-align: right;"><u>5000</u></td></tr><tr><td></td><td></td><td style="text-align: right;"><u>55000</u></td></tr><tr><td>Capital</td><td></td><td style="text-align: right;">55000 (1)</td></tr></table> <p style="text-align: center;">(Horizontal format also acceptable)</p>		\$	\$	Fixed assets		50000 (1)	Current assets	20000 (1)		<u>Less</u> Current liabilities	<u>15000 (1)</u>	<u>5000</u>			<u>55000</u>	Capital		55000 (1)	4																																													
		\$	\$																																																															
	Fixed assets		50000 (1)																																																															
Current assets	20000 (1)																																																																	
<u>Less</u> Current liabilities	<u>15000 (1)</u>	<u>5000</u>																																																																
		<u>55000</u>																																																																
Capital		55000 (1)																																																																
(b)	<p style="text-align: center;"><u>Balance Sheet as at 31 March 2003</u></p> <table><tr><td></td><td style="text-align: right;">\$</td><td style="text-align: right;">\$</td></tr><tr><td>Fixed assets</td><td style="text-align: right;">75000 (1)</td><td></td></tr><tr><td><u>Less</u> Depreciation (20%)</td><td style="text-align: right;"><u>15000 (1)</u></td><td style="text-align: right;">60000 (1)</td></tr><tr><td>Current assets</td><td style="text-align: right;">30000 (1)</td><td></td></tr><tr><td><u>Less</u> Current liabilities</td><td style="text-align: right;"><u>20000 (1)</u></td><td style="text-align: right;"><u>10000</u></td></tr><tr><td></td><td></td><td style="text-align: right;"><u>70000</u></td></tr><tr><td>Capital 1/4/02</td><td></td><td style="text-align: right;">55000 (1) O/F</td></tr><tr><td><u>Add</u> Net profit</td><td></td><td style="text-align: right;"><u>25000 (2) 1 O/F</u></td></tr><tr><td></td><td></td><td style="text-align: right;">80000</td></tr><tr><td><u>Less</u> Drawings</td><td></td><td style="text-align: right;"><u>10000 (1)</u></td></tr><tr><td></td><td></td><td style="text-align: right;"><u>70000 (1) O/F</u></td></tr></table> <p style="text-align: center;">(Horizontal layout also acceptable)</p> <table><tr><td style="text-align: right;">\$</td><td style="text-align: right;">\$</td><td style="text-align: right;">\$</td></tr><tr><td>Fixed assets</td><td style="text-align: right;">75000 (1)</td><td>Capital 1/4/02</td><td style="text-align: right;">55000 (1) O/F</td></tr><tr><td><u>Less</u> Depreciation</td><td style="text-align: right;"><u>15000 (1)</u></td><td><u>Add</u> Net profit</td><td style="text-align: right;"><u>25000 (2) 1 O/F</u></td></tr><tr><td></td><td></td><td></td><td style="text-align: right;">80000</td></tr><tr><td>Current assets</td><td style="text-align: right;">30000 (1)</td><td><u>Less</u> Drawings</td><td style="text-align: right;"><u>10000 (1)</u></td></tr><tr><td></td><td></td><td></td><td style="text-align: right;">70000 (1)</td></tr><tr><td></td><td></td><td>Current liabilities</td><td style="text-align: right;">20000 (1)</td></tr><tr><td></td><td style="text-align: right;"><u>90000</u></td><td></td><td style="text-align: right;"><u>90000</u></td></tr></table> <p style="text-align: right;">(10)</p>		\$	\$	Fixed assets	75000 (1)		<u>Less</u> Depreciation (20%)	<u>15000 (1)</u>	60000 (1)	Current assets	30000 (1)		<u>Less</u> Current liabilities	<u>20000 (1)</u>	<u>10000</u>			<u>70000</u>	Capital 1/4/02		55000 (1) O/F	<u>Add</u> Net profit		<u>25000 (2) 1 O/F</u>			80000	<u>Less</u> Drawings		<u>10000 (1)</u>			<u>70000 (1) O/F</u>	\$	\$	\$	Fixed assets	75000 (1)	Capital 1/4/02	55000 (1) O/F	<u>Less</u> Depreciation	<u>15000 (1)</u>	<u>Add</u> Net profit	<u>25000 (2) 1 O/F</u>				80000	Current assets	30000 (1)	<u>Less</u> Drawings	<u>10000 (1)</u>				70000 (1)			Current liabilities	20000 (1)		<u>90000</u>		<u>90000</u>	10
	\$	\$																																																																
Fixed assets	75000 (1)																																																																	
<u>Less</u> Depreciation (20%)	<u>15000 (1)</u>	60000 (1)																																																																
Current assets	30000 (1)																																																																	
<u>Less</u> Current liabilities	<u>20000 (1)</u>	<u>10000</u>																																																																
		<u>70000</u>																																																																
Capital 1/4/02		55000 (1) O/F																																																																
<u>Add</u> Net profit		<u>25000 (2) 1 O/F</u>																																																																
		80000																																																																
<u>Less</u> Drawings		<u>10000 (1)</u>																																																																
		<u>70000 (1) O/F</u>																																																																
\$	\$	\$																																																																
Fixed assets	75000 (1)	Capital 1/4/02	55000 (1) O/F																																																															
<u>Less</u> Depreciation	<u>15000 (1)</u>	<u>Add</u> Net profit	<u>25000 (2) 1 O/F</u>																																																															
			80000																																																															
Current assets	30000 (1)	<u>Less</u> Drawings	<u>10000 (1)</u>																																																															
			70000 (1)																																																															
		Current liabilities	20000 (1)																																																															
	<u>90000</u>		<u>90000</u>																																																															
(c)	<p>Prudence is observed by:</p> <div><div><ul style="list-style-type: none">- not overstating profits, as depreciation is charged in P/L a/c- allowing for foreseeable loss asset values shown in B/S)</div><div>}</div><div>1 mark per acceptable point x 2</div></div>		2																																																															
			16																																																															

CAMBRIDGE
INTERNATIONAL EXAMINATIONS

June 2003

INTERNATIONAL GCSE

MARK SCHEME

MAXIMUM MARK: 100

SYLLABUS/COMPONENT: 0452/03

ACCOUNTING
Paper 3 (Structured Questions – Extended)

- 1 (a) Work can be shared between several people.
Easier for reference as same type of accounts are kept together.
Easier to introduce checking procedures.

Or other suitable point

[2]

- (b) The names of any **two** suitable accounts – either real or nominal accounts – which would appear in the general ledger. **(1) each**

[2]

(c)

Purchases Ledger Control account

	\$		\$
2003		2003	
Apl 30 Purchases		Apl 1 Balances b/d	1960
returns	135 (1)	30 Purchases	4190 (1)
Bank	3830 (1)		
Discount			
received	180 (1)		
Balances c/d	<u>2005</u>		
	<u>6150</u>		<u>6150</u>
		2003	
		May 1 Balances b/d	2005 (1) O/F

Dates (1)

[6]

Sales Ledger Control account

	\$		\$
2003		2003	
Apl 1 Purchases	1750	Apl 1 Balances b/d	100
30 Sales	5150 (1)	30 Sales returns	270 (1)
Bank (refund)	100 (1)	Bank	4990 (1)
		Discount allowed	110 (1)
		Bad debts	74 (1)
		Balances c/d	<u>1456</u>
	<u>7000</u>		<u>7000</u>
		2003	
		May 1 Balances b/d	1456 (1) O/F

Dates (1)

[8]

[Total 18]

(c) Alternative presentation –

Purchases Ledger Control account

		Dr \$	Cr \$	Balance \$
2003				
Apl 1	Balances		1960	1960 Cr
30	Purchases		4190 (1)	6150 Cr
	Purchases returns	135 (1)		6015 Cr
	Bank	3830 (1)		2185 Cr
	Discount received	180 (1)		2005 Cr (1) O/F

Dates (1) [6]

Sales Ledger Control account

		Dr \$	Cr \$	Balance \$
2003				
Apl 1	Balances	1750	100	1650 Dr
30	Sales	5150 (1)		6800 Dr
	Sales returns		270 (1)	6530 Dr
	Bank		4990 (1)	1540 Dr
	Discount allowed		110 (1)	1430 Dr
	Bank (refund)	100 (1)		1530 Dr
	Bad debts		74 (1)	1456 Dr (1) O/F

Dates (1) [8]

[Total 18]

2 (a)

Amir Sadiq
Trading and Profit and Loss Account for the year ended 31 March 2003

	\$	\$	\$
Sales		92100 (1)	
Less Sales returns		<u>1200</u> (1)	90900
Less Cost of Sales -			
Opening stock		9900 (1)	
Purchases	68500 (1)		
Less goods for own use	<u>300</u> (1)	68200	
Carriage inwards		<u>700</u> (1)	
		78800	
Less Closing stock		<u>10200</u> (1)	<u>68600</u> (1)
Gross Profit			22300 (1) O/F
Discount received		250 (1)	
Reduction in provision for doubtful debts		<u>50</u> (1)	<u>300</u>
			22600
Motor vehicle expenses		1240 } (1)	
General expenses		2030 }	
Wages 11940 + 1080		13020 (1)	
Insurance 1470 - 210		1260 (1)	
Depreciation -			
Motor vehicles 20% x 4750		950 (1)	
Fixtures and equipment 3400 - 2800		<u>600</u> (1)	<u>19100</u>
Net Profit			<u>3500</u> (1) O/F

[17]

Horizontal presentation acceptable.

Page 4	Mark Scheme	5	Paper
	IGCSE EXAMINATIONS – JUNE 2003	0	3

(b)
$$\frac{\text{Cost of goods sold}}{\text{Average stock}} = \frac{68600}{10050} \text{ O/F } \} = 6.83 \text{ times (1) O/F}$$

[2]

- (c) (i) Accounts are prepared on the basis that the business will continue to operate for an indefinite period of time.

[2]

- (ii) Lower of cost and net realisable value.

[1]

[Total 22]

3 (a)

Mary

Bank Reconciliation Statement as at 31 January 2003

Balance as per cash book	(1780) (1)
Plus cheque not yet presented – David	<u>270</u> (1)
	(1510)
Less amount not yet credited	<u>800</u> (1)
Balance as per bank statement	(2310) (1)

[4]

(b) (i)

	\$	\$
Current Assets		
Stock	6600	
Debtors	5400	
Insurance prepaid	120	
Cash	<u>240</u>	12360
Current Liabilities		
Creditors	4620	
Rent received in advance	160	
Bank overdraft	1780	
General expenses accrued	<u>700</u>	<u>7260</u>
Working capital		<u>5100</u> (1) O/F

Any 2 correct items (1)

[5]

(ii) 1. Current ratio

$$12360 \text{ O/F} : 7260 \text{ O/F} (1) = 1.70: 1 (1) \text{ O/F}$$

[2]

2. Quick ratio

$$(12360 \text{ O/F} - 6600) : 1260 \text{ O/F} (1) = 0.79: 1 (1) \text{ O/F}$$

[2]

Page 6	Mark Scheme	5	Paper
	IGCSE EXAMINATIONS – JUNE 2003	0	3

- (c) (i) May have problems paying debts as they fall due
May not be able to take advantage of cash discounts
Cannot make the most of opportunities as they occur
Difficulties in obtaining further supplies

Or other suitable points

Any two suitable points – (2) each

[4]

- (ii) Injection of more capital
Long-term loans
Sale of surplus fixed assets
Reduce drawings

Or other suitable points

Any two suitable points – (2) each

[4]

[Total 21]

- 4 (a)
- April 1 Sales
Suzi sold goods, \$10100, on credit to John Karunda. (2)
- April 30 Bank
John paid \$1000 to Suzi by cheque. (2)
- May 6 Bank (dishonoured cheque)
John's cheque was dishonoured by the bank. The amount was debited to John's account to show he still owes this amount. (2)
- December 1 Cash
John paid \$850 in cash to Suzi. (2)
- January 3 Bad debts
Suzi wrote off the amount owed by John as a bad debt. (2)
- [10]

(b) Provision for doubtful debts account

2003	\$	2002	\$
Jan 31 Balance c/d	800 (2)	Feb 1 Balance b/d	900 (1)
Profit and Loss	<u>100 (1) O/F</u>		<u>900</u>
	<u>900</u>		
		2003	
		Feb 1 Balance b/d	800 (1) O/F

Dates (1) [6]

Alternative presentation –

Provision for doubtful debts account

	Dr \$	Cr \$	Balance \$
2002 Feb 1 Balance		900	900 Cr (1)
2003 Jan 31 Profit and Loss	100 (1) O/F		800 Cr (3) C/F (1) O/F

Dates (1) [6]

- (c) Obtain references from new credit customers
 Fix a credit limit for each customer
 Issue invoices and statements promptly
 Follow up overdue accounts promptly
 Supply goods on a cash basis only
 Refuse further supplies until outstanding account is paid

Or other suitable points

Any 4 suitable points – (1) each

[4]

[Total 20]

5 (a)

Cobbydale Sports Club			
Income and Expenditure Account for the year ended 30 April 2003			
	\$		\$
Income			
Subscriptions (6800 + 300)			7100 (1)
Open day - Ticket sales	3250		
Less expenses	<u>1950</u>		<u>1300</u> (2)
			8400
Expenditure			
General expenses	1430	} (1)	
Insurance	670		
Rent of premises (2420 + 220)	2640 (1)		
Depreciation - Equipment	<u>550</u> (1)		<u>5290</u>
Surplus for the year			<u>3110</u> (1) O/F

[7]

Horizontal presentation acceptable.

(b) (i) **Either**

Loan from member

This is not regarded as income for the year as it represents a long-term liability.

Or

Purchase of equipment

This is not regarded as revenue expenditure as it is the purchase of a fixed asset.

Or

Closing bank balance

This is neither income nor expenditure for the year as it represents the amount of money in the bank on 30 April.

[2]

(ii) **Either**

Subscriptions owing **Or** Rent owing

In each case the item represents an amount relating to the current year which has not actually been received/paid. The matching principle must be applied so that the amount relates to the current period of time.

Or

Depreciation of equipment

This is a non-monetary expense but must be taken into account in calculating the surplus/deficit for the period so that the matching principle is applied.

Or

Surplus for the year

This is the difference between the income and expenditure and is the 'profit' for the year and does not represent money paid/received.

[2]

(c)

Cobbydale Sports Club
Balance Sheet as at 30 April 2003

	\$	\$	\$
Fixed Assets	Cost	Depreciation to date	Book value
Equipment	<u>3500</u> (1)	<u>550</u> (1) O/F	2950 (1) O/F
Current Assets			
Subscriptions due		300 (1)	
Bank		<u>1080</u> (1)	
		1380	
Current Liabilities			
Accrual – Rent		<u>220</u> (1)	<u>1160</u>
			<u>4110</u>
Accumulated Fund			
Surplus for the year			3110 (1) O/F
Long-Term Liabilities			
Loan*			<u>1000</u> (1)
			<u>4110</u>

* Alternatively, allow as current liability as question does not specify date of repayment.

[8]

Horizontal presentation acceptable.

[Total 19]

Grade thresholds taken for Syllabus 0452 (Accounting) in the June 2003 examination.

	maximum mark available	minimum mark required for grade:			
		A	C	E	F
Component 1	40	-	24	18	15
Component 2	90	78	63	46	34
Component 3	100	73	49	-	-

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 the F threshold as the E threshold is above it.

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