

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	Paper
	IGCSE EXAMINATIONS – JUNE 2003	0452	1

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

CAMBRIDGE
INTERNATIONAL EXAMINATIONS

June 2003

INTERNATIONAL GCSE

MARK SCHEME

MAXIMUM MARK: 90

SYLLABUS/COMPONENT: 0452/02

ACCOUNTING
Paper 2 (Structured Questions)

Question Number	Mark Scheme Details	Part Mark	
1	(a) Trade creditors, accrued expense(s), bank overdraft Or acceptable alternative	1	
	(b) N.P. is undervalued/understated	1	
	(c) One from: Correction of errors Opening entries Purchase/sale of fixed asset Other transfers/adjustments	1	
	(d) 1. P/L Appropriation (1) 2. P/L (1) 3. P/L Appropriation (1)	3	
	(e) 1. Revenue 2. Capital 3. Capital	3	
	(f) Asset (1) or expense (1)	2	
	(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)	4	
	(h) Current liabilities	1	
	(i) Imprest system	1	
	(j) Error of commission	1	
	(k) Advantage of business due to its: - reputation - well-established clientele - location - good staff relations/reliable workforce - goodwill	Or other acceptable reason for paying premium price	1
			19

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

Question Number	Mark Scheme Details	Part Mark																																				
2	(a) <table style="margin-left: auto; margin-right: auto;"> <tr> <td colspan="2" style="text-align: center;">Danbi Wyske</td> </tr> <tr> <td colspan="2" style="text-align: center;"><u>Trial Balance as at 30 April 2003</u></td> </tr> <tr> <td style="text-align: center;">Dr</td> <td style="text-align: center;">Cr</td> </tr> <tr> <td style="text-align: center;">\$</td> <td style="text-align: center;">\$</td> </tr> <tr> <td>Stock 1 May 2002</td> <td style="text-align: right;">4000 (1)</td> </tr> <tr> <td>Sales</td> <td style="text-align: right;">80000 (1)</td> </tr> <tr> <td>Purchases</td> <td style="text-align: right;">62000 (1)</td> </tr> <tr> <td>Debtors</td> <td style="text-align: right;">10000 (1)</td> </tr> <tr> <td>Creditors</td> <td style="text-align: right;">9000 (1)</td> </tr> <tr> <td>Electricity</td> <td style="text-align: right;">3000 (1)</td> </tr> <tr> <td>General expenses</td> <td style="text-align: right;">7000 (1)</td> </tr> <tr> <td>Cash at bank</td> <td style="text-align: right;">5000 (1)</td> </tr> <tr> <td>Drawings</td> <td style="text-align: right;">8000 (1)</td> </tr> <tr> <td>Equipment at cost</td> <td style="text-align: right;">45000 (1)</td> </tr> <tr> <td>Provision for depreciation of equipment</td> <td style="text-align: right;">16000 (1)</td> </tr> <tr> <td>Rent and insurance paid</td> <td style="text-align: right;">6000 (1)</td> </tr> <tr> <td>Capital</td> <td style="text-align: right;">45000 (2) -1 O/F</td> </tr> <tr> <td></td> <td style="text-align: right;"><u>150000</u> <u>150000</u></td> </tr> </table>	Danbi Wyske		<u>Trial Balance as at 30 April 2003</u>		Dr	Cr	\$	\$	Stock 1 May 2002	4000 (1)	Sales	80000 (1)	Purchases	62000 (1)	Debtors	10000 (1)	Creditors	9000 (1)	Electricity	3000 (1)	General expenses	7000 (1)	Cash at bank	5000 (1)	Drawings	8000 (1)	Equipment at cost	45000 (1)	Provision for depreciation of equipment	16000 (1)	Rent and insurance paid	6000 (1)	Capital	45000 (2) -1 O/F		<u>150000</u> <u>150000</u>	14
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(b)	Suspense Account	1																																				
		15																																				

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	Paper
	IGCSE EXAMINATIONS – JUNE 2003	0452	2

Question Number	Mark Scheme Details	Part Mark
3	(a) (i) \$12000 (1)	6
	(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)	
	(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

Question Number	Mark Scheme Details	Part Mark																																																																																																				
5	<p>(a)</p> <p style="text-align: center;">Carrie Okie <u>Balance Sheet as at 1 April 2002</u></p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td></td> <td style="text-align: center;">\$</td> <td style="text-align: center;">\$</td> <td></td> </tr> <tr> <td>Fixed assets</td> <td></td> <td style="text-align: right;">50000 (1)</td> <td></td> </tr> <tr> <td>Current assets</td> <td style="text-align: right;">20000 (1)</td> <td></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> <td></td> </tr> <tr> <td></td> <td></td> <td style="text-align: right;"><u>55000</u></td> <td></td> </tr> <tr> <td>Capital</td> <td></td> <td style="text-align: right;"><u>55000 (1)</u></td> <td></td> </tr> </table> <p>(Horizontal format also acceptable)</p> <p>(b)</p> <p style="text-align: center;"><u>Balance Sheet as at 31 March 2003</u></p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td></td> <td style="text-align: center;">\$</td> <td style="text-align: center;">\$</td> <td></td> </tr> <tr> <td>Fixed assets</td> <td style="text-align: right;">75000 (1)</td> <td></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> <td></td> </tr> <tr> <td>Current assets</td> <td style="text-align: right;">30000 (1)</td> <td></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> <td></td> </tr> <tr> <td></td> <td></td> <td style="text-align: right;"><u>70000</u></td> <td></td> </tr> <tr> <td>Capital 1/4/02</td> <td></td> <td style="text-align: right;">55000 (1) O/F</td> <td></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> <td></td> </tr> <tr> <td></td> <td></td> <td style="text-align: right;">80000</td> <td></td> </tr> <tr> <td><u>Less</u> Drawings</td> <td></td> <td style="text-align: right;"><u>10000 (1)</u></td> <td></td> </tr> <tr> <td></td> <td></td> <td style="text-align: right;"><u>70000 (1) O/F</u></td> <td></td> </tr> </table> <p>(Horizontal layout also acceptable)</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="text-align: center;">\$</td> <td style="text-align: center;">\$</td> <td style="text-align: center;">\$</td> <td></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;"><u>20000 (1)</u></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> <p>(c) Prudence is observed by:</p> <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) <p style="text-align: right;">} 1 mark per acceptable point x 2</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		<u>55000 (1)</u>			\$	\$		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	<u>20000 (1)</u>		<u>90000</u>		<u>90000</u>	4
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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	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)	68200	
Less goods for own use	<u>300</u> (1)	700 (1)	
Carriage inwards		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	Syllabus	Paper
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(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	<u>(2310)</u> (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

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

[2]

2. Quick ratio

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

[2]

Page 6	Mark Scheme	Syllabus	Paper
	IGCSE EXAMINATIONS – JUNE 2003	0452	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 (2)</u>
			8400
Expenditure			
General expenses	1430	} (1)	
Insurance	670		
Rent of premises (2420 + 220)	2640 (1)		
Depreciation - Equipment	<u>550 (1)</u>		<u>5290</u>
Surplus for the year			<u>3110 (1) O/F</u>

[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.