

CAMBRIDGE INTERNATIONAL EXAMINATIONS

International General Certificate of Secondary Education

MARK SCHEME for the November 2003 question papers

0452 ACCOUNTING

0452/01	Paper 1 (Multiple Choice), maximum mark 40
0452/02	Paper 2 (Structured Questions), maximum mark 90
0452/03	Paper 3 (Structured Questions – Extended), maximum mark 100

These mark schemes are published as an aid to teachers and students, to indicate the requirements of the examination. They show the basis on which Examiners were initially instructed to award marks. They do 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 discussions or correspondence in connection with these mark schemes.

CIE is publishing the mark schemes for the November 2003 question papers for most IGCSE and GCE Advanced Level syllabuses.

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

	maximum mark available	minimum mark required for grade:			
		A	C	E	F
Component 1	40	-	24	18	15
Component 2	90	80	68	54	47
Component 3	100	67	44	-	-

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.

November 2003

INTERNATIONAL GCSE

MARK SCHEME

MAXIMUM MARK: 40

SYLLABUS/COMPONENT: 0452/01

ACCOUNTING
Paper 1 (Multiple Choice)



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

CAMBRIDGE
INTERNATIONAL EXAMINATIONS

November 2003

INTERNATIONAL GCSE

MARK SCHEME

MAXIMUM MARK: 90

SYLLABUS/COMPONENT: 0452/02

ACCOUNTING
Paper 2 (Structured Questions)



Page 1	Mark Scheme	Syllabus	Paper
	IGCSE – NOV 2003	0452	2

Question Number		Part Mark																														
1 (a) (i)	Debit note	1																														
(ii)	1. Sales Returns Journal/S. R. Book	1																														
	2. Purchases Returns Journal/P. R. Book	1																														
(b)	P/L Account	1																														
(c)	$\frac{\$60000}{(\$7000 + 3000)} \begin{matrix} (1) \\ (2) \end{matrix} = \frac{60000}{5000} = 12 \text{ times (1) OF}$	4																														
(d)	$\$5000 \times \frac{5}{200} = \$125 \text{ (1) OF} \quad 5000 - 125 = 4875 \text{ (1) OF}$	2																														
(e)	Consistency/comparability	1																														
(f)	P/L Account	1																														
(g)	1 from - to show all transactions for period - to show amount owing - to agree records, settle differences - to act as reminder to pay (or acceptable alternative)	1																														
(h)	Bank account (accept Bank columns of Cash book)	1																														
(i)	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 10%;">(1)</td> <td style="width: 30%;">Current assets:</td> <td style="width: 10%;">Stock</td> <td style="width: 10%;">18000</td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> </tr> <tr> <td></td> <td></td> <td>Debtors</td> <td><u>9000</u></td> <td></td> <td>27000 (1) CF</td> </tr> <tr> <td></td> <td><u>Less</u> Current liabilities:</td> <td>Bank O/D</td> <td>2000</td> <td></td> <td></td> </tr> <tr> <td></td> <td></td> <td>Creditors</td> <td><u>16000</u></td> <td></td> <td><u>18000</u> (1) CF</td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> <td><u>9000</u> (1) OF</td> </tr> </table>	(1)	Current assets:	Stock	18000					Debtors	<u>9000</u>		27000 (1) CF		<u>Less</u> Current liabilities:	Bank O/D	2000					Creditors	<u>16000</u>		<u>18000</u> (1) CF						<u>9000</u> (1) OF	3
(1)	Current assets:	Stock	18000																													
		Debtors	<u>9000</u>		27000 (1) CF																											
	<u>Less</u> Current liabilities:	Bank O/D	2000																													
		Creditors	<u>16000</u>		<u>18000</u> (1) CF																											
					<u>9000</u> (1) OF																											
	(2) $\frac{CA - stock}{CLs} = \frac{9000(1)}{18000(1)} = 0.5:1 \text{ (1) OF}$	3																														
		Total 20																														

Question Number					Part Mark	
2 (a)	Jim Dee <u>Sales Journal</u>				7	
		Date 2003	Customer	Amount \$		
		Sept 6	Whizzo Products	400 (1)		
		10	T Culpepper	750 (1)		
		20	Sam Beesi	<u>1500 (1)</u>		
				<u>2650 (1) OF</u>		
	Correct date, name and amount for mark					
	<u>Sales Returns Journal</u>					
		Date 2003	Customer	Amount \$		
		Sept 14	Whizzo Products	100 (1)		
		26	T Culpepper	<u>150 (1)</u>		
				<u>250 (1) OF</u>		
	(b)	<u>Sales Ledger</u> <u>Whizzo Products Account</u>				
		2003		2003		
		Sept 6	Sales	400 (1)		Sept 14
				Returns		
				100 (1)		
<u>T Culpepper Account</u>						
2003			2003			
Sept 10		Sales	750 (1)	Sept 26		
				Returns		
				150 (1)		
<u>Sam Beesi Account</u>						
2003						
Sept 20	Sales	1500 (1)				

Question Number					Part Mark
(c)	<u>Nominal Ledger</u> <u>Sales Account</u>				7
			2003		
			Sept 30	Credit Sales For month 2650 (1) OF	
	<u>Sales Returns Account</u>				
		2003			
		Sept 30	Returns for month 250 (1) OF		
	<u>Sales Ledger</u> Rachel Smith Account				
		2003		2003	
		Oct 3	Sales 800 (1)	Oct 12 Bank 780 (1) Discount 20 (1)	
				Total 17	

(Running balance format also acceptable)

Ledger accounts must show correct date, account name and amount on correct side for mark

Page 4	Mark Scheme	Syllabus	Paper
	IGCSE – NOV 2003	0452	2

Question Number				Part Mark	
3	<u>Frankie and Johnny</u> <u>Balance sheet as at 31 August 2003</u>				
		Cost \$	Depreciation \$		Book value \$
	Fixed assets	<u>85000</u> (1)	<u>10000</u> (1)		75000 (1)
	Current assets				
	Stock		8000 (1)		
	Debtors		14000 (1)		
	Bank		<u>5000</u> (1)		
			27000		
	Less Current Liabilities				
	Creditors		<u>12000</u> (1)		
	Working capital				<u>15000</u> (1) OF <u>90000</u>
	Financed by:				
	Capital accounts	<u>Frankie</u> 50000 (1)	<u>Johnny</u> 30000 (1)		80000
Current accounts	<u>15000</u> (1) <u>65000</u>	<u>(5000)</u> (1) <u>25000</u>	<u>10000</u> <u>90000</u>		
			Total 12		

(Horizontal format also acceptable.)

Page 6	Mark Scheme	Syllabus	Paper
	IGCSE – NOV 2003	0452	2

Question Number		Part Mark																																																																																														
5 (a)	<u>Elmer Gantry</u> Trading and Profit & Loss Account for the year ended 30 September 2003																																																																																															
	<table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 10%;"></th> <th style="width: 20%; text-align: right;">\$</th> <th style="width: 20%; text-align: right;">\$</th> <th style="width: 20%; text-align: right;">\$</th> <th style="width: 30%;"></th> </tr> </thead> <tbody> <tr> <td>Sales</td> <td></td> <td></td> <td style="text-align: right;">100000</td> <td>(1)</td> </tr> <tr> <td>Less Cost of goods sold:</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td> Opening stock</td> <td></td> <td style="text-align: right;">12000</td> <td></td> <td>(1)</td> </tr> <tr> <td> Purchases</td> <td style="text-align: right;">66000</td> <td>(1)</td> <td></td> <td></td> </tr> <tr> <td> <u>Less returns</u></td> <td style="text-align: right;"><u>4000</u></td> <td>(1)</td> <td style="text-align: right;"><u>62000</u></td> <td></td> </tr> <tr> <td></td> <td></td> <td></td> <td style="text-align: right;">74000</td> <td></td> </tr> <tr> <td> Less closing stock</td> <td></td> <td style="text-align: right;"><u>9000</u></td> <td>(1)</td> <td style="text-align: right;"><u>65000</u></td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td>(1) CF</td> </tr> <tr> <td>Gross profit</td> <td></td> <td></td> <td style="text-align: right;">35000</td> <td>(1) OF</td> </tr> <tr> <td>Less Insurance</td> <td style="text-align: right;">4250</td> <td>(1)</td> <td></td> <td></td> </tr> <tr> <td> Less prepayment</td> <td style="text-align: right;"><u>250</u></td> <td>(1)</td> <td style="text-align: right;">4000</td> <td></td> </tr> <tr> <td> Wages</td> <td></td> <td></td> <td style="text-align: right;">6000</td> <td>(1)</td> </tr> <tr> <td> General expenses</td> <td></td> <td></td> <td style="text-align: right;">1000</td> <td>(1)</td> </tr> <tr> <td> Motor expenses</td> <td style="text-align: right;">2600</td> <td>(1)</td> <td></td> <td></td> </tr> <tr> <td> Add accrual</td> <td style="text-align: right;"><u>400</u></td> <td>(1)</td> <td style="text-align: right;">3000</td> <td></td> </tr> <tr> <td> Rent</td> <td></td> <td></td> <td style="text-align: right;">5000</td> <td>(1)</td> </tr> <tr> <td> Depreciation of vehicle (20% x \$10000)</td> <td></td> <td></td> <td style="text-align: right;"><u>2000</u></td> <td>(2) CF <u>21000</u></td> </tr> <tr> <td>Net profit</td> <td></td> <td></td> <td style="text-align: right;"><u>14000</u></td> <td>(2) (1) OF</td> </tr> </tbody> </table>		\$	\$	\$		Sales			100000	(1)	Less Cost of goods sold:					Opening stock		12000		(1)	Purchases	66000	(1)			<u>Less returns</u>	<u>4000</u>	(1)	<u>62000</u>					74000		Less closing stock		<u>9000</u>	(1)	<u>65000</u>					(1) CF	Gross profit			35000	(1) OF	Less Insurance	4250	(1)			Less prepayment	<u>250</u>	(1)	4000		Wages			6000	(1)	General expenses			1000	(1)	Motor expenses	2600	(1)			Add accrual	<u>400</u>	(1)	3000		Rent			5000	(1)	Depreciation of vehicle (20% x \$10000)			<u>2000</u>	(2) CF <u>21000</u>	Net profit			<u>14000</u>	(2) (1) OF
	\$	\$	\$																																																																																													
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Net profit			<u>14000</u>	(2) (1) OF																																																																																												
(b) (i)	Matching concept states that costs incurred in an accounting period should be matched against the revenue/income of that period. (2)	2																																																																																														
(ii)	Matching is achieved by adjusting for accruals and prepayments at the end of the accounting period. (1)																																																																																															
	Insurance – prepayment belongs to next accounting period and is deducted, so that only expense for this year is included. (1)	2																																																																																														
	Total	22																																																																																														

Page 7	Mark Scheme	Syllabus	Paper
	IGCSE – NOV 2003	0452	2

<u>Question</u>	<u>Syllabus Ref.</u>	<u>A</u>	<u>B</u>	<u>C</u>	<u>Total</u>
1	See Attached	20	-	-	20
2 (a)	3.2	7	-	-	7
(b)	3.3	6	-	-	6
(c)	3.3/3.4	4	-	-	4
3	6.2	12	-	-	12
4 (a) (i)	3.2	7	-	-	7
(ii)	4.2	-	8	-	8
(b)	5.2	-	-	4	4
5 (a)	6.1	11	7	-	18
(b)	2.6/5.1/6.1	-	-	4	4
		67	15	8	90

Page 8	Mark Scheme	Syllabus	Paper
	IGCSE – NOV 2003	0452	2

Question	Syllabus Ref.	A	B	C	Total
1 (a) (i)	3.1	1	-	-	1
(ii)	3.2	2	-	-	2
(b)	3.3/6.1/1.4	1	-	-	1
(c)	7.2	3	-	-	3
(d)	6.2	3	-	-	3
(e)	2.5	1	-	-	1
(f)	1.4/6.1	1	-	-	1
(g)	3.1	1	-	-	1
(h)	4.3	1	-	-	1
(i) (i)	7.1	3	-	-	3
(ii)	7.2	3	-	-	3
		20	-	-	20

November 2003

INTERNATIONAL GCSE

MARK SCHEME

MAXIMUM MARK: 100

SYLLABUS/COMPONENT: 0452/03

ACCOUNTING
Paper 3 (Structured Questions – Extended)



Marking Scheme – IGCSE Examinations November 2003

1. (a) March 12 Motor Vehicles

Represents the original cost of the motor sold on 12 Mar. Transferred from fixed asset account. (2)

March 12 Provision for Depreciation

Represents the total depreciation to date of the motor sold on 12 Mar. Transferred from Provision for depreciation account. (2)

March 12 XY Garages

Motor vehicle sold on credit to XY Garages on 12 Mar. This will be debited into XY Garages account (2)

July 31 Profit and Loss

Loss on sale of motor vehicle transferred to Profit and Loss Account at end of financial year. (2)

[8]

(b) (i)

Provision for Depreciation of Machinery account

2002		2002	
\$		\$	
July 31 Balance c/d	5160(1)	July 31 Profit & Loss	5160(2)
	<u>5160</u>		<u>5160</u>
2003		2002	
July 31 Balance c/d	7224(1)	Aug 1 Balance b/d	5160(1)O/F
	<u>7224</u>	July 31 Profit & Loss	<u>2064(2)O/F</u>
			<u>7224</u>
		2003	
		Aug 1 Balance b/d	7224(1)O/F

Dates (1)

[9]

Alternative presentation –

Provision for Depreciation of Machinery account

	Dr	Cr	Balance
	\$	\$	\$
2002			
July 31 Profit & Loss		5160(2)	5160 Cr (2)C/F
2003			(1)O/F
July 31 Profit & Loss		2064(2)O/F	7224 Cr (2)O/F
			(1)O/F

Dates (1)

[9]

Marking Scheme – IGCSE Examinations November 2003

(b) (ii) Year ended 31 July 2003 –

Depreciation using reducing balance \$2064 (1)O/F
60% of cost price \$5160 (1)

Net Profit will be under-stated (1) by \$3096 (1)O/F [4]

[Total 21]

2. (a) In order to calculate how much it cost to make the goods produced in the financial year. This figure is then used in the Trading Account in order to calculate the gross profit.

[2]

(b) (i) Cost of materials consumed is the cost of raw material actually used in production. It consists of net purchases of raw material, adjusted for opening and closing stocks, plus carriage on raw material.

[2]

(ii) Prime cost is the basic cost of manufacturing goods. It consists of direct material, direct labour and direct expenses.

[2]

(iii) Production cost is the total cost of manufacturing goods. It consists of prime cost plus factory overheads, and is after any adjustment required for work in progress.

[2]

Marking Scheme – IGCSE Examinations November 2003

(c)

El Sayed Manufacturing Company
Manufacturing Account for the year ended 31 August 2003

	\$	\$
Cost of material consumed –		
Opening stock of raw material	7 040 (1)	
Purchases of raw material	<u>43 820 (1)</u>	
	50 860	
Less Closing stock of raw material	<u>6 220 (1)</u>	44 640
Direct wages 40 190 + 1 170		<u>41 360 (1)</u>
Prime Cost (1)		86 000 (1)
Factory overheads –		
Indirect wages	18 400 } (1)	
General expenses	5 340 }	
Rates and insurance 4/5 x 7 500	6 000 (1)	
Depreciation – Factory machinery	<u>8 400 (1)</u>	<u>38 140</u>
		124 140 (1)O/F
Plus Opening stock of work in progress		<u>810 (1)</u>
		124 950
Less Closing stock of work in progress		<u>950 (1)</u>
Cost of Production (1)		<u>124 000 (1)O/F</u>

[14]

Horizontal presentation acceptable.

[Total 22]

Marking Scheme – IGCSE Examinations November 2003

3. (a)		\$	
	Amounts received from debtors	39 050	(1)
	Discounts allowed	<u>750</u>	(1)
		39 800	
	Debtors at 31 October 2003	<u>3 050</u>	(1)
		42 850	
	Less Debtors at 1 November 2002	<u>2 850</u>	(1)
	Sales for the year	<u>40 000</u>	(1)
			[5]

Alternative presentation acceptable.

(b) (i) $\frac{3\,050}{40\,000 \text{ O/F}} \times \frac{365}{1} \text{ (1)} = 27.83 \text{ days or } 28 \text{ days (1)O/F}$

[2]

(ii) Satisfied – if **(b)(i)** is less than 30 days
Or - Unsatisfied if **(b)(i)** is more than 30 days

[1]

(c) (i) $\frac{5\,900}{33\,500} \times \frac{365}{1} \text{ (1)} = 64.28 \text{ days or } 65 \text{ days (1)}$

[2]

(ii) Creditors may refuse further supplies of goods
 Creditors may insist on C.O.D. or cash purchases only in future
 Good relationship between Martha and suppliers is damaged

Or other suitable points

Any 2 suitable points –(1) each

[2]

Marking Scheme – IGCSE Examinations November 2003

(d)

Martha Masule	
Trading Account for the year ended 31 October 2003	
	\$
Sales	40 000 (1) O/F
Less Cost of Sales	
Opening Stock	4 200 (1)
Purchases	<u>33 500 (1)</u>
	37 700
Less Closing Stock	<u>5 700 (2) O/F</u>
Gross Profit	<u>8 000 (1) O/F</u>

[8]

Horizontal presentation acceptable.

[Total 20]

Marking Scheme – IGCSE Examinations November 2003

4. (a) Accumulated Fund is the equivalent to the capital of a trading organisation, the difference between the assets and liabilities.(1) The annual surpluses (less any deficits) accumulate within a non-trading organisation to form the accumulated fund.(1)

[2]

(b) Accumulated Fund –

		\$	\$
Assets	Clubhouse	25 000	
	Equipment	5 400	
	Refreshments stock	1 020	
	Cash	280	
	Insurance prepaid	<u>190</u>	31 890
Liabilities	Creditors for refreshments stock	850	
	Bank overdraft	2 990	
	Subscriptions prepaid	<u>1 000</u>	<u>4 840</u>
	Accumulated Fund		<u>27 050 (1)O/F</u>

Any 2 correct items (1) mark

[5]

Marking Scheme – IGCSE Examinations November 2003

(c)

Insurance account			
	\$		\$
2002		2003	
Oct 1 Balance	190(1)	Sept 30 Income &	
Dec 1 Bank	1200(1)	Expenditure	1190(1)O/F
	<u>1390</u>	Balance c/d	<u>200(1)</u>
2003			<u>1390</u>
Oct 1 Balance b/d	200(1)O/F		

Dates (1)

[6]

(d)

Subscriptions account			
	\$		\$
2003		2002	
Sept 30 Income &		Oct 1 Balance	1 000(1)
Expenditure(1)	60 000(1)	2003	
	<u>60 000</u>	Sept 30 Bank/Cash	56 000(1)
2003		Balance c/d	<u>3 000(1)</u>
Oct 1 Balance c/d	3 000(1) O/F		<u>60 000</u>

Dates (1)

[7]

[Total 20]

Marking Scheme – IGCSE Examinations November 2003

(c) Alternative presentation –

Insurance account

	Dr \$	Cr \$	Balance \$
2002			
Oct 1 Balance	190(1)		190 Dr
Dec 1 Bank	1200(1)		1390 Dr
2003			
Sept 30 Income & Expenditure		1190(1) O/F	200 Dr (2)C/F (1)O/F

Dates (1)

[6]

(d) Alternative presentation -

Subscriptions account

	Dr \$	Cr \$	Balance \$
2002			
Oct 1 Balance		1 000(1)	1 000 Cr
2003			
Sept 30 Bank/Cash Income & Expenditure(1)	60 000(1)	56 000(1)	57 000 Cr 3 000 Dr (2)C/F (1)O/F

Dates (1)

[7]

[Total 20]

Marking Scheme – IGCSE Examinations November 2003

5. (a)

Archer and Bowman			
Statement of Corrected Net Profit for the year ended 31 August 2003			
			\$
Net Profit before corrections			18 490
	Effect on Net Profit		
	+	-	
	\$	\$	
Error 1	30		
Error 2		1 400 (2)	
Error 3		2 000 (2)	
Error 4	420 (2)		
Error 5		<u>20 (2)</u>	
	<u>450</u>	<u>3 420</u>	
	Corrected Net Profit		<u>2 970</u> <u>15 520 (2)C/F</u> <u>(1)O/F</u>
			[10]

(b)

Archer and Bowman				
Profit and Loss Appropriation Account for the year ended 31 August 2003				
		\$	\$	\$
Net Profit				15 520 O/F
Interest on Drawings	Archer		350 (1)	
	Bowman		<u>150 (1)</u>	<u>500</u>
				16 020
Interest on Capital	Archer	2 000 (1)		
	Bowman	<u>4 000 (1)</u>	6 000	
Partner's Salary	Archer		<u>6 000 (1)</u>	<u>12 000</u>
				4 020
Profit Shares	Archer		2 010 (1)O/F	
	Bowman		<u>2 010 (1)O/F</u>	<u>4 020</u>
				-
				[7]

Horizontal presentation acceptable

[Total 17]