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CAMBRIDGE INTERNATIONAL EXAMINATIONS

International General Certificate of Secondary Education

MARK SCHEME FOR the November 2002 question papers

0452 ACCOUNTING**0452/02** Paper 2, maximum raw mark 90**0452/03** Paper 3, maximum raw 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 October/November 2002 question papers for most IGCSE, GCE Advanced Subsidiary (AS) and GCE Advanced (A) Level syllabuses.

UNIVERSITY of CAMBRIDGE
Local Examinations Syndicate

CAMBRIDGE
INTERNATIONAL EXAMINATIONS

November 2002

INTERNATIONAL GCSE

MARK SCHEME

MAXIMUM MARK : 90

SYLLABUS/COMPONENT : 0452/02

ACCOUNTING



UNIVERSITY of CAMBRIDGE
Local Examinations Syndicate

Question Number	Mark Scheme Details	Part Mark																		
1 (a)	Stock, debtors, prepayments, bank, cash Any 1 x 1 mark	1																		
(b)	Business entity	1																		
(c)	(i) Error of commission	1																		
	(ii) Debit note	1																		
	(iii) 1. Purchases Returns Journal	1																		
	2. Sales Returns Journal	1																		
(d)	Lower of cost or net realisable value	1																		
(e)	Profit and Loss Account	1																		
(f)	1. Capital (1)																			
	2. Capital (1)																			
	3. Revenue (1)	3																		
(g)	<table> <tr><td></td><td>\$</td><td></td></tr> <tr><td>Balance 1/10/01</td><td>2000</td><td>(1)</td></tr> <tr><td>+ Paid in year</td><td>10000</td><td>(1)</td></tr> <tr><td></td><td><u>12000</u></td><td></td></tr> <tr><td>- Prepaid, $\frac{1}{4} \times 10000$</td><td>2500</td><td>(1)</td></tr> <tr><td>P/L A/c charge</td><td><u>9500</u></td><td>(1)</td></tr> </table>		\$		Balance 1/10/01	2000	(1)	+ Paid in year	10000	(1)		<u>12000</u>		- Prepaid, $\frac{1}{4} \times 10000$	2500	(1)	P/L A/c charge	<u>9500</u>	(1)	4
	\$																			
Balance 1/10/01	2000	(1)																		
+ Paid in year	10000	(1)																		
	<u>12000</u>																			
- Prepaid, $\frac{1}{4} \times 10000$	2500	(1)																		
P/L A/c charge	<u>9500</u>	(1)																		
(h)	Incorrect entries of equal amount (1) which cancel each other out (1). Marks may be given for suitable example	2																		
(i)	<table> <tr><td></td><td>\$</td><td></td></tr> <tr><td>(i) C.B. balance</td><td>3200</td><td></td></tr> <tr><td>- uncleared deposit</td><td><u>600</u></td><td>(1)</td></tr> <tr><td>Bank statement balance</td><td><u>2600</u></td><td>(1) CF</td></tr> <tr><td>(ii) \$3200</td><td></td><td></td></tr> </table>		\$		(i) C.B. balance	3200		- uncleared deposit	<u>600</u>	(1)	Bank statement balance	<u>2600</u>	(1) CF	(ii) \$3200			2			
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(ii) \$3200																				
		1																		
		20																		

Question Number	Mark Scheme Details				Part Mark
2 (a)	(i) <u>Sales</u>	\$	(ii) <u>Purchases</u>	\$	
	Recd. from debtors	50000 (1)	Paid to creditors	31000 (1)	
	Debtors 30/6/02	8000 (1)	Creditors 30/6/02	4000 (1)	
		58000		35000	
	<u>Less</u> Debtors 1/7/01	6000 (1)	<u>Less</u> Creditors 1/7/01	3000 (1)	
		52000		32000 (1)	CF
	Cash sales	10000 (1)			
		62000 (1) CF			9
(b)	<u>Mai Hemme</u> <u>Trading account for the year ended 30 June 2002</u>				
		\$		\$	
	Sales		62000 (1)		
	<u>Less</u> Cost of goods sold:				
	Stock 1/7/01	5000 (1)			
	Purchases	32000 (1)			
		37000			
	Stock 30/6/02	7000 (1)		30000	
	Gross profit			32000 (1)	5
(c)	OF <u>COGS</u> = <u>30000</u> (1) = 5 times (1) OF <u>AS</u> 6000 (1) CF				3
					17

Additional Information for 2 (a)

T.D				T.C			
1/7 Bal	6000	Bank	50000	Bank	31000	1/7 Bal	3000
Sales	52000	30/6 Bal	8000	Bal	4000	Bank	32000

Question Number	Mark Scheme Details	Part Mark
3(a)	(i) \$86000 (1) (ii) \$20000 (1) (iii) Assets (1) (iv) Drawings (1) (v) \$5500 (1)	5
(b)	(i) Current ratio : $\frac{\$22000}{\$10000} (1) = 2.2 : 1 (1)$ CF (ii) Quick ratio : $\frac{\$22000 - 16000}{10000} (1) = 0.6 : 1 (1)$ CF	2 3
(c)	(i) $\$22000 - 10000 (1) = 12000 (1)$ CF (ii) If working capital inadequate, may result in: • Loss of discounts for prompt payment • Inability to pay creditors, wages, day-to-day expenses • Interruption of supplies and production, leading to loss of sales • Use of costly additional finance, e.g. overdraft Should include <u>two</u> of above or other acceptable and distinct points - 2 marks for each 2 x 2	2 4
		16

Question Number	Mark Scheme Details				Part Mark																																																																																												
4(a)	Agreed percentage (1) of asset's value at beginning of year w/off (1). Depreciation charges decrease (1) Any 2 from 3 available marks.				2																																																																																												
(b)	<table><tr><td colspan="2"></td><td colspan="2"><u>Equipment</u></td><td></td></tr><tr><td></td><td>\$</td><td></td><td>\$</td><td></td></tr><tr><td>1/9/01</td><td>Balance b/d</td><td>40000</td><td>31/8/02</td><td>Balance c/d</td><td>90000 (1)</td></tr><tr><td>1/9/01</td><td>Bank</td><td>30000 (1)</td><td></td><td></td><td></td></tr><tr><td>1/3/02</td><td>Bank</td><td>20000 (1)</td><td></td><td></td><td></td></tr><tr><td></td><td></td><td><u>90000</u></td><td></td><td></td><td><u>90000</u></td></tr><tr><td>1/9/02</td><td>Balance b/d</td><td>90000</td><td></td><td></td><td></td></tr></table> <table><tr><td colspan="2"></td><td colspan="2"><u>Provision for depreciation of equipment</u></td><td></td></tr><tr><td></td><td>\$</td><td></td><td>\$</td><td></td></tr><tr><td>31/8/02</td><td>Balance c/d</td><td>23000 (1)</td><td>1/9/01</td><td>Balance b/d</td><td>15000</td></tr><tr><td></td><td></td><td></td><td>31/8/02</td><td>Profit and Loss A/c:</td><td></td></tr><tr><td></td><td></td><td></td><td></td><td>\$70000 @ 10% =</td><td>7000 (2)</td></tr><tr><td></td><td></td><td></td><td></td><td>\$20000 @ 10% x</td><td></td></tr><tr><td></td><td></td><td></td><td></td><td>½ =</td><td>1000 (3)</td></tr><tr><td></td><td></td><td><u>23000</u></td><td></td><td></td><td><u>8000</u></td></tr><tr><td></td><td></td><td></td><td>1/9/02</td><td>Balance b/d</td><td>23000</td></tr></table>						<u>Equipment</u>				\$		\$		1/9/01	Balance b/d	40000	31/8/02	Balance c/d	90000 (1)	1/9/01	Bank	30000 (1)				1/3/02	Bank	20000 (1)						<u>90000</u>			<u>90000</u>	1/9/02	Balance b/d	90000						<u>Provision for depreciation of equipment</u>				\$		\$		31/8/02	Balance c/d	23000 (1)	1/9/01	Balance b/d	15000				31/8/02	Profit and Loss A/c:						\$70000 @ 10% =	7000 (2)					\$20000 @ 10% x						½ =	1000 (3)			<u>23000</u>			<u>8000</u>				1/9/02	Balance b/d	23000	9
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(c)	(Running balance format also acceptable) <u>Extract from Balance Sheet as at 31/8/02</u> <table><tr><td><u>Fixed assets</u></td><td><u>Cost</u></td><td><u>Accumulated depreciation</u></td><td><u>N.B.V</u></td></tr><tr><td></td><td>\$</td><td>\$</td><td>\$</td></tr><tr><td>Equipment</td><td>90000(1)OF</td><td>23000(1)OF</td><td>67000(1)OF</td></tr></table>				<u>Fixed assets</u>	<u>Cost</u>	<u>Accumulated depreciation</u>	<u>N.B.V</u>		\$	\$	\$	Equipment	90000(1)OF	23000(1)OF	67000(1)OF	3																																																																																
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(d)	Prudence is observed: - by not overstating profits, as depreciation shown as cost and so gives more realistic profit/loss (1) - by not ignoring fall in asset values, as depreciation is deducted from asset to give more realistic N.B.V (1)				2																																																																																												
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5 (a)	Brown and White <u>Profit and Loss Account for the year ended 30 September 2002</u> <table><tr><td></td><td style="text-align: center;">\$</td><td></td><td></td><td style="text-align: center;">\$</td></tr><tr><td>Loan interest, Brown(10% x \$10000)</td><td style="text-align: right;">1000</td><td>(2)</td><td>Gross profit b/d</td><td style="text-align: right;">24000</td></tr><tr><td>Insurance (4000 - 1000)</td><td style="text-align: right;">3000</td><td>(2)</td><td>Discount received</td><td style="text-align: right;">700 (1)</td></tr><tr><td>General exps (4900 + 600)</td><td style="text-align: right;">5500</td><td>(2)</td><td></td><td></td></tr><tr><td>Depreciation (10% x \$40000)</td><td style="text-align: right;">4000</td><td>(2)</td><td></td><td></td></tr><tr><td>Discount allowed</td><td style="text-align: right;">1200</td><td>(1)</td><td></td><td></td></tr><tr><td>Net profit c/d</td><td style="text-align: right;">10000</td><td></td><td></td><td></td></tr><tr><td></td><td style="text-align: right; border-top: 1px solid black;">24700</td><td></td><td></td><td style="text-align: right; border-top: 1px solid black;">24700</td></tr></table> (Vertical form acceptable) (ii) <u>Appropriation Account for the year ended 30 September 2002</u> <table><tr><td></td><td style="text-align: center;">\$</td><td></td><td></td><td style="text-align: center;">\$</td></tr><tr><td>Interest on capital:</td><td></td><td></td><td>Net profit b/d</td><td style="text-align: right;">10000</td></tr><tr><td> Brown</td><td style="text-align: right;">1500</td><td>(2)</td><td></td><td></td></tr><tr><td> White</td><td style="text-align: right;">750</td><td>(2)</td><td></td><td></td></tr><tr><td></td><td style="text-align: right; border-top: 1px solid black;">2250</td><td></td><td></td><td></td></tr><tr><td>Salary, White</td><td style="text-align: right;">4000</td><td>(1)</td><td></td><td></td></tr><tr><td>Profit shares</td><td></td><td></td><td></td><td></td></tr><tr><td> Brown $\frac{3}{5}$</td><td style="text-align: right;">2250</td><td>(2)</td><td>OF 1 each</td><td></td></tr><tr><td> White $\frac{2}{5}$</td><td style="text-align: right;">1500</td><td>(2)</td><td></td><td></td></tr><tr><td></td><td style="text-align: right; border-top: 1px solid black;">3750</td><td></td><td></td><td></td></tr><tr><td></td><td style="text-align: right; border-top: 1px solid black;">10000</td><td></td><td></td><td style="text-align: right; border-top: 1px solid black;">10000</td></tr></table> (vertical form acceptable) (b) White may spend more time working in the business or may have additional responsibilities : recognised through salary		\$			\$	Loan interest, Brown(10% x \$10000)	1000	(2)	Gross profit b/d	24000	Insurance (4000 - 1000)	3000	(2)	Discount received	700 (1)	General exps (4900 + 600)	5500	(2)			Depreciation (10% x \$40000)	4000	(2)			Discount allowed	1200	(1)			Net profit c/d	10000					24700			24700		\$			\$	Interest on capital:			Net profit b/d	10000	Brown	1500	(2)			White	750	(2)				2250				Salary, White	4000	(1)			Profit shares					Brown $\frac{3}{5}$	2250	(2)	OF 1 each		White $\frac{2}{5}$	1500	(2)				3750					10000			10000	10 9 2 21
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