

**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

<b>MARK SCHEME</b>
<b>MAXIMUM MARK : 90</b>
<b>SYLLABUS/COMPONENT : 0452/02</b> <b>ACCOUNTING</b>



UNIVERSITY of CAMBRIDGE  
Local Examinations Syndicate

Question Number	Mark Scheme Details																			
1 (a)	Stock, debtors, prepayments, bank, cash	Any 1 x 1 mark																		
(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 style="margin-left: 20px;"> <tr> <td></td> <td style="text-align: center;">\$</td> <td></td> </tr> <tr> <td>Balance 1/10/01</td> <td style="text-align: right;">2000</td> <td>(1)</td> </tr> <tr> <td>+ Paid in year</td> <td style="text-align: right;"><u>10000</u></td> <td>(1)</td> </tr> <tr> <td></td> <td style="text-align: right;">12000</td> <td></td> </tr> <tr> <td>- Prepaid, <math>\frac{1}{4} \times 10000</math></td> <td style="text-align: right;"><u>2500</u></td> <td>(1)</td> </tr> <tr> <td>P/L A/c charge</td> <td style="text-align: right;"><u>9500</u></td> <td>(1)</td> </tr> </table>		\$		Balance 1/10/01	2000	(1)	+ Paid in year	<u>10000</u>	(1)		12000		- Prepaid, $\frac{1}{4} \times 10000$	<u>2500</u>	(1)	P/L A/c charge	<u>9500</u>	(1)	4
	\$																			
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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 style="margin-left: 20px;"> <tr> <td></td> <td style="text-align: center;">\$</td> <td></td> </tr> <tr> <td>(i) C.B. balance</td> <td style="text-align: right;">3200</td> <td></td> </tr> <tr> <td>- uncleared deposit</td> <td style="text-align: right;"><u>600</u></td> <td>(1)</td> </tr> <tr> <td>Bank statement balance</td> <td style="text-align: right;"><u>2600</u></td> <td>(1) CF</td> </tr> </table>		\$		(i) C.B. balance	3200		- uncleared deposit	<u>600</u>	(1)	Bank statement balance	<u>2600</u>	(1) CF	2						
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(ii)	\$3200	1																		
		20																		

Question Number	Mark Scheme Details				
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)
		<u>58000</u>			<u>35000</u>
	<u>Less</u> Debtors 1/7/01	6000	(1)	<u>Less</u> Creditors 1/7/01	3000 (1)
		52000			<u>32000</u> (1) CF
	Cash sales	10000	(1)		
		<u>62000</u>	(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		<u>32000</u>	(1)		
		37000			
Stock 30/6/02		<u>7000</u>	(1)	30000	
Gross profit				<u>32000</u>	(1)
				5	
(c)	<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

Page 3 of 5	Mark Scheme	Syllabus
	IGCSE Examinations - November 2002	0452

Question Number	Mark Scheme Details	
3(a)	(i) \$86000 (1) (ii) \$20000 (1) (iii) Assets (1) (iv) Drawings (1) (v) \$5500 (1)	5
(b)	(i) Current ratio : $\frac{\$ 22000}{\$ 10000} (1) = 2.2 : 1 (1) \text{ CF}$	2
	(ii) Quick ratio : $\frac{\$ 22000 - 16000}{10000} (1) = 0.6 : 1 (1) \text{ CF}$	3
(c)	(i) $\$ 22000 - 10000 (1) = 12000 (1) \text{ CF}$	2
	(ii) If working capital inadequate, may result in: <ul style="list-style-type: none"> <li>• Loss of discounts for prompt payment</li> <li>• Inability to pay creditors, wages, day-to-day expenses</li> <li>• Interruption of supplies and production, leading to loss of sales</li> <li>• Use of costly additional finance, e.g. overdraft</li> </ul> Should include <u>two</u> of above or other acceptable and distinct points - 2 marks for each 2 x 2	4
		16

Question Number	Mark Scheme Details																																																																																						
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 border="0" style="width: 100%; border-collapse: collapse;"> <tr> <td colspan="2"></td> <td colspan="2" style="text-align: center;"><u>Equipment</u></td> <td></td> </tr> <tr> <td></td> <td></td> <td style="text-align: center;">\$</td> <td></td> <td style="text-align: center;">\$</td> </tr> <tr> <td>1/9/01</td> <td>Balance b/d</td> <td style="text-align: right;">40000</td> <td>31/8/02</td> <td>Balance c/d</td> </tr> <tr> <td>1/9/01</td> <td>Bank</td> <td style="text-align: right;">30000 (1)</td> <td></td> <td style="text-align: right;">90000 (1)</td> </tr> <tr> <td>1/3/02</td> <td>Bank</td> <td style="text-align: right;">20000 (1)</td> <td></td> <td></td> </tr> <tr> <td></td> <td></td> <td style="text-align: right; border-top: 1px solid black;">90000</td> <td></td> <td style="text-align: right; border-top: 1px solid black;">90000</td> </tr> <tr> <td>1/9/02</td> <td>Balance b/d</td> <td style="text-align: right;">90000</td> <td></td> <td></td> </tr> <tr> <td colspan="5" style="text-align: center; padding-top: 10px;"><u>Provision for depreciation of equipment</u></td> </tr> <tr> <td></td> <td></td> <td style="text-align: center;">\$</td> <td></td> <td style="text-align: center;">\$</td> </tr> <tr> <td>31/8/02</td> <td>Balance c/d</td> <td style="text-align: right;">23000 (1)</td> <td>1/9/01</td> <td>Balance b/d</td> </tr> <tr> <td></td> <td></td> <td></td> <td>31/8/02</td> <td>Profit and Loss A/c:</td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td>\$70000 @ 10% = 7000 (2)</td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td>\$20000 @ 10% x</td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td style="text-align: right;">1/2 = 1000 (3)</td> </tr> <tr> <td></td> <td></td> <td style="text-align: right; border-top: 1px solid black;">23000</td> <td></td> <td style="text-align: right; border-top: 1px solid black;">8000</td> </tr> <tr> <td></td> <td></td> <td></td> <td>1/9/02</td> <td>Balance b/d</td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td style="text-align: right; border-top: 1px solid black;">23000</td> </tr> </table>			<u>Equipment</u>					\$		\$	1/9/01	Balance b/d	40000	31/8/02	Balance c/d	1/9/01	Bank	30000 (1)		90000 (1)	1/3/02	Bank	20000 (1)					90000		90000	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				31/8/02	Profit and Loss A/c:					\$70000 @ 10% = 7000 (2)					\$20000 @ 10% x					1/2 = 1000 (3)			23000		8000				1/9/02	Balance b/d					23000	9
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(c)	<p>(Running balance format also acceptable)</p> <p style="text-align: center;"><u>Extract from Balance Sheet as at 31/8/02</u></p> <table border="0" style="width: 100%; border-collapse: collapse;"> <tr> <td style="text-align: left;"><u>Fixed assets</u></td> <td style="text-align: center;"><u>Cost</u></td> <td style="text-align: center;"><u>Accumulated depreciation</u></td> <td style="text-align: center;"><u>N.B.V</u></td> </tr> <tr> <td></td> <td style="text-align: center;">\$</td> <td style="text-align: center;">\$</td> <td style="text-align: center;">\$</td> </tr> <tr> <td>Equipment</td> <td style="text-align: right;">90000(1)OF</td> <td style="text-align: right;">23000(1)OF</td> <td style="text-align: right;">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)	<p>Prudence is observed:</p> <ul style="list-style-type: none"> <li>- by not overstating profits, as depreciation shown as cost and so gives more realistic profit/loss (1)</li> <li>- by not ignoring fall in asset values, as depreciation is deducted from asset to give more realistic N.B.V (1)</li> </ul>	2																																																																																					
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5 (a)	<p style="text-align: center;">Brown and White</p> <p style="text-align: center;"><u>Profit and Loss Account for the year ended 30 September 2002</u></p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 40%;"></td> <td style="width: 10%; text-align: center;">\$</td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> <td style="width: 10%; text-align: center;">\$</td> </tr> <tr> <td>Loan interest, Brown(10% x \$10000)</td> <td style="text-align: right;">1000</td> <td style="text-align: right;">(2)</td> <td>Gross profit b/d</td> <td></td> <td style="text-align: right;">24000</td> </tr> <tr> <td>Insurance (4000 - 1000)</td> <td style="text-align: right;">3000</td> <td style="text-align: right;">(2)</td> <td>Discount received</td> <td></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 style="text-align: right;">(2)</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Depreciation (10% x \$40000)</td> <td style="text-align: right;">4000</td> <td style="text-align: right;">(2)</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Discount allowed</td> <td style="text-align: right;">1200</td> <td style="text-align: right;">(1)</td> <td></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> <td></td> </tr> <tr> <td></td> <td style="text-align: right; border-top: 1px solid black;">24700</td> <td></td> <td></td> <td></td> <td style="text-align: right; border-top: 1px solid black;">24700</td> </tr> </table> <p>(Vertical form acceptable)</p>		\$				\$	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	10						
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	<p>(ii) <u>Appropriation Account for the year ended 30 September 2002</u></p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 40%;"></td> <td style="width: 10%; text-align: center;">\$</td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> <td style="width: 10%; text-align: center;">\$</td> </tr> <tr> <td>Interest on capital:</td> <td></td> <td></td> <td>Net profit b/d</td> <td></td> <td style="text-align: right;">10000</td> </tr> <tr> <td>    Brown 1500 (2)</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>    White 750 (2)</td> <td style="text-align: right;">2250</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Salary, White</td> <td style="text-align: right;">4000</td> <td style="text-align: right;">(1)</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Profit shares</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>    Brown <sup>3</sup>/<sub>5</sub> 2250 (2)</td> <td></td> <td></td> <td>OF 1 each</td> <td></td> <td></td> </tr> <tr> <td>    White <sup>2</sup>/<sub>5</sub> 1500 (2)</td> <td style="text-align: right;">3750</td> <td></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></td> <td style="text-align: right; border-top: 1px solid black;">10000</td> </tr> </table> <p>(vertical form acceptable)</p>		\$				\$	Interest on capital:			Net profit b/d		10000	Brown 1500 (2)						White 750 (2)	2250					Salary, White	4000	(1)				Profit shares						Brown <sup>3</sup> / <sub>5</sub> 2250 (2)			OF 1 each			White <sup>2</sup> / <sub>5</sub> 1500 (2)	3750						10000				10000	9
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(b)	White may spend more time working in the business or may have additional responsibilities : recognised through salary	2																																																						
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