

**UNIVERSITY OF CAMBRIDGE INTERNATIONAL EXAMINATIONS**

International General Certificate of Secondary Education

**MARK SCHEME for the November 2005 question paper**

**ACCOUNTING**

**0452/03**

**Paper 3**

**maximum raw mark 100**

This mark scheme is published as an aid to teachers and students, to indicate the requirements of the examination. It shows the basis on which Examiners were initially instructed to award marks. It does 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*.

The minimum marks in these components needed for various grades were previously published with these mark schemes, but are now instead included in the *Report on the Examination* for this session.

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**Question 1****(a)**

		Maria van Zyl Wages Account			
2005		\$	2004		\$
July 31	Total paid/Bank	61 300 (1)	August 1	Balance b/d	200
	Balance c/d	180 (1)	2005		
		<u>61 480</u>	July 31	Profit and Loss	<u>61 280 (1)</u>
					<u>61 480</u>
			2005		
			August 1	Balance b/d	180 (1)
					<b>+ Dates (1) [6]</b>

**Alternative presentation**

		Maria van Zyl Wages Account			
		Debit	Credit	Balance	
		\$	\$	\$	
2004					
August 1	Balance		200 (1)	200 Cr	
2005					
July 31	Total paid/Bank	61 300 (1)		61 100 Dr	
	Profit and Loss		61 280 (1)	180 Cr (2) C/F	
					<b>+ Dates (1) [6]</b>

**(b)** Matching (1)  
Prudence (1)**[2]****(c)**

		Maria van Zyl Provision for Doubtful Debts Account			
2005		\$	2004		\$
July 31	Balance c/d	900 (2)	August 1	Balance b/d	990 (2)
	Profit and Loss	<u>90 (1) O/F</u>			<u>990</u>
		990			
			2005		
			July 1	Balance b/d	900 (1) O/F
					<b>+Dates (1) [7]</b>

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**Alternative presentation**

		Maria van Zyl Provision for Doubtful Debts Account		
		Debit	Credit	Balance
		\$	\$	\$
2004				
August 1	Balance		990 (1)	990 Cr
2005				
July 31	Profit and Loss	90 (1)		900 Cr (3) C/F (1) O/F
				<b>+Dates (1) [7]</b>

**(d) Any two of the following:**

Look at debtors' accounts and estimate which ones will not be paid.  
Estimate on the basis of past experience what percentage of the debtors will prove to be bad.  
Make use of an ageing schedule.

**Any two points (1) each [2]**

- (e) 2 Net profit**                    – Overstated. (1)  
   – Omission of a loss in the Profit and Loss Account means profit overstated. (1)
- 3 Current assets**                    – Overstated. (1)  
   – Debtors are shown at a higher value than will actually be received. (1)

**[4]****Total [21]****Question 2****(a) Any two of the following:**

More meaningful than a single set of results.  
Identifies the profit of each department.  
Enables trading results to be analysed.  
Enables overall profitability to be increased.  
Poor performance of a department can be identified and investigated.  
Or other suitable points.

**Any two points (1) each [2]**

- (b)** On floor space occupied by each department.  
On proportion of total sales made by each department.  
Or other acceptable method.

**Any two methods (1) each [2]**

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(c)

Abdul El Said

Departmental Trading and Profit and Loss Account for the Year Ended 30 September  
2005

	Department A		Department B		
	\$	\$	\$	\$	
Sales		250 000		375 000	(1)
Less Returns inwards		<u>1 000</u>			(1)
		249 000			
Less Cost of sales					
Opening stock	26 000		8 600		(1)
Purchases	167 200		320 200		(1)
Carriage inwards	<u>1 800</u>				(1)
	195 000		328 800		
Less Closing stock	<u>30 000</u>		<u>10 000</u>		(1)
		<u>165 000</u>		<u>318 800</u>	(1)
Gross Profit		84 000		56 200	(1)
Less Staff salaries	27 600		19 100		(1)
General expenses	<u>20 400</u>	<u>48 000</u>	<u>20 400</u>	<u>39 500</u>	(1)
Net Profit		<u>36 000</u>		<u>16 700</u>	(1)

**Horizontal format acceptable****[11]****(d) 1** Rate of stock turnover – Department A

$$\frac{\$165\,000}{\$28\,000} \text{ O/F (1)} = 5.89 \text{ times (1) O/F}$$

**2** Rate of stock turnover – Department B

$$\frac{\$318\,800}{\$9\,300} \text{ O/F (1)} = 34.28 \text{ times (1) O/F}$$

**[4]****(e) Any two of the following:**

- Type of goods sold.
- Staff efficiency.
- Location of the department.
- Or other suitable answer.

**Any two points (1) each [3]****Total [21]**

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**Question 3****(a)**

Rebecca Tan  
Statement of Affairs at 30 June 2005

	\$	\$	\$
Fixed Assets			
Equipment at cost		13 900	
Less depreciation		<u>1 200</u>	12 700 (2)
Motor vehicles		7 500	
Less depreciation		<u>1 500</u>	<u>6 000 (2)</u>
			18 700
 Current Assets			
Stock		7 250 (1)	
Debtors	5 200 (1)		
Less provision for doubtful debts	<u>104 (1)</u>	5 096	
Prepayments		<u>122 (1)</u>	
		12 468	
 Current Liabilities			
Creditors	4 800 (1)		
Accruals	146 (1)		
Bank overdraft	<u>250 (1)</u>	<u>5 196</u>	
Working capital			<u>7 272</u>
			<u>25 972</u>
 Capital			<u>25 972</u>
			(2) C/F
			(1) O/F

**Horizontal format acceptable****[13]****(b)**

Rebecca Tan  
Calculation of Net Profit (net loss) for the Year Ended 30 June 2005

	\$	\$	
Closing Capital		25 972 (1) O/F	
Add Drawings – Cash	3 150 (1)		
Goods	<u>1 250 (1)</u>	<u>4 400</u>	
		30 372	
Less Capital introduced		<u>5 000 (1)</u>	
		25 372	
Less Opening capital		<u>27 000 (1)</u>	
Net Loss		<u>1 628 (2) O/F</u>	

**[7]**

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**Alternative presentation**

		Rebecca Tan Capital Account				
2005		\$		2004		
June 30	Drawings - cash	3 150	(1)	July 1	Balance	27 000 (1)
	- goods					
	Balance c/d	1 250	(1)	2	Bank	5 000 (1)
	Net Loss	25 972	(1)			
			<b>O/F</b>			
		* 1 628	(2)			
			<b>O/F</b>			
		<u>32 000</u>				<u>32 000</u>
				2005		
				July 1	Balance b/d	25 972
						[7]
						<b>Total [20]</b>

**Question 4**

- (a) Profitability of the business      Owner  
Potential partner
- Market value of fixed assets      Loan creditor  
Bank manager
- Liquidity position of the business      Trade creditor  
Owner

**Or other suitable answers provided that the people do not appear more than twice.**

**Any correct answer (1) each    [6]**

- (b) Understandability. (1)  
Comparability. (1)  
Relevance. (1)

**[3]**

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- (c) August 4 Fischer has been charged carriage costs by Zwink. (1)  
Debit – Carriage inwards account. (1)

12 Fischer has returned goods to Zwink. (1)  
Credit – Purchases returns (returns outward) account. (1)

16 Fischer has paid \$400 to Zwink by cheque. (1)  
Credit – Bank account. (1)

28 Fischer has transferred \$250 to Zwink's account in the sales ledger. (1)  
Credit – E Zwink account in sales ledger. (1)

Significance of the \$300 – this is the amount Fischer owes Zwink. (1)

[9]

**Total [18]**

### Question 5

(a)

Ebor and Olicana

Error	Effect of correcting the error:	
	on the gross profit	on the net profit
2.	- \$15 (1)	No effect (1)
3.	+ \$30 (1)	No effect (1)
4.	No effect (1)	-\$200 (1) +\$50 (1)

[7]

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(b)

Ebor and Olicana  
Journal

		Debit \$	Credit \$
1.	Olicana current ( <b>Or</b> drawings) Purchases Goods taken by partner for own use (1)	400 (1)	400 (1)
2.	Office equipment Ebor capital Computer introduced into business by partner (1)	900 (1)	900 (1)
3.	Ebor current Ebor capital Transfer from current account to capital account (1)	5000 (1)	5000 (1)

[9]

(c) **Any two of the following:**

Reflect what has happened in the past – significant events may have taken place since the end of the financial year.

Transactions are recorded at their actual cost – inflation may affect these figures.

Accounts only include information that can be expressed in monetary terms – and so many factors will not appear in the accounting statements.

The accounts provided are for one year only – accounts for previous years would allow meaningful ratios to be prepared.

Or other relevant points.

**Any one point (1) mark for statement and (1) for development.**

**Any two points up to (2) each [4]**

**Total [20]**