

Mark Scheme Summer 2009

GCSE

IGCSE Accounting (4305)

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General Marking Guidance

- All candidates must receive the same treatment. Examiners must mark the first candidate in exactly the same way as they mark the last.
- Mark schemes should be applied positively. Candidates must be rewarded for what they have shown they can do rather than penalised for omissions.
- Examiners should mark according to the mark scheme not according to their perception of where the grade boundaries may lie.
- There is no ceiling on achievement. All marks on the mark scheme should be used appropriately.
- All the marks on the mark scheme are designed to be awarded. Examiners should always award full marks if deserved, i.e. if the answer matches the mark scheme. Examiners should also be prepared to award zero marks if the candidate's response is not worthy of credit according to the mark scheme.
- Where some judgement is required, mark schemes will provide the principles by which marks will be awarded and exemplification may be limited.
- When examiners are in doubt regarding the application of the mark scheme to a candidate's response, the team leader must be consulted.
- Crossed out work should be marked UNLESS the candidate has replaced it with an alternative response.

Section A

Question Number	Answer	Mark
1(a)	B	(1)

Question Number	Answer	Mark
1(b)	C	(1)

Question Number	Answer	Mark
1(c)	B	(1)

Question Number	Answer	Mark
1(d)	B	(1)

Question Number	Answer	Mark
1(e)	C	(1)

Question Number	Answer	Mark
1(f)	C	(1)

Question Number	Answer	Mark
1(g)	A	(1)

Question Number	Answer	Mark
1(h)	D	(1)

Question Number	Answer	Mark
1(i)	B	(1)

Question Number	Answer	Mark
1(j)	C	(1)

(Total 10 marks)

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**Purchases Ledger
New World Foods Limited**

Date	Narrative	£	Date	Narrative	£
Feb 9	Cash Book	3560	Feb 1	Balance b/f	3814
Feb 9	Discount received	254	Feb 27	Purchases Book	2200*

Oriental Supplies Limited

Date	Narrative	£	Date	Narrative	£
Feb 23	Returns Outwards Book	484*	Feb 1	Balance b/f	3000
Feb 24	Cash Book	2730*	Feb 15	Purchases Book	7150
Feb 24	Discount Received	270*			

**Nominal Ledger
Administration Expenses**

Date	Narrative	£	Date	Narrative	£
Feb 1	Balance b/f	9800			
Feb 2	Cash Book	33			
Feb 22	Cash Book	478*			

Discount Allowed

Date	Narrative	£	Date	Narrative	£
Feb 1	Balance b/f	2800			
Feb 28	Cash Book	228*			

Discount Received

Date	Narrative	£	Date	Narrative	£
			Feb 1	Balance b/f	3000
			Feb 28	Cash Book	524*

Drawings

Date	Narrative	£	Date	Narrative	£
Feb 1	Balance b/f	9000			
Feb 16	Cash Book	500			
Feb 28	Cash Book	500*			

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Purchases

Date	Narrative	£	Date	Narrative	£
Feb 1	Balance b/f	76000			
Feb 28	Purchases Book	8500*			

Returns Inwards

Date	Narrative	£	Date	Narrative	£
Feb 1	Balance b/f	560			
Feb 28	Returns Inwards Book	440*			

Returns Outwards

Date	Narrative	£	Date	Narrative	£
			Feb 1	Balance b/f	242
			Feb 28	Returns Outwards Book	440*

Sales

Date	Narrative	£	Date	Narrative	£
			Feb 1	Balance b/f	107890
			Feb 28	Sales Book	6600*

VAT

Date	Narrative	£	Date	Narrative	£
Feb 28	Purchases Book	850*	Feb 1	Balance b/f	2981
Feb 28	Returns Inwards Book	44*	Feb 28	Sales Book	660*
Feb 28	Balance c/d	2791*C	Feb 28	Returns Outwards Book	44*
		<u>3685</u>			<u>3685</u>
			Mar 1	Balance b/d	2791*o/f

Wages

Date	Narrative	£	Date	Narrative	£
Feb 1	Balance b/f	9807			
Feb 11	Cash Book	650			
Feb 25	Cash Book	650*			

(22)

Question Number	Answer	Mark
2(b)	Balance the Vat account showing clearly the balance carried down at 28 February 2009 and bring the balance brought down on the 1 March 2009.	(1)

Question Number	Answer	Mark
2(c)	Harsha owes** the government* £2791*	(2)

(Total 25 Marks)

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		rates for the period 1 April to 30 June 2009*				
Mar 31		Heat and Light*		250		
		Accruals*				250
		Being electricity accrued for the period ended 31 March 2009*				
24 x * = 12 marks						
						(12)

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3(b)	<p>Aidan Davis Trading and profit and loss account Year ended 31 March 2009</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th style="text-align: center;">£</th> <th style="text-align: center;">£</th> <th style="text-align: center;">£</th> </tr> </thead> <tbody> <tr> <td>Sales</td> <td></td> <td></td> <td style="text-align: right;">430 000</td> </tr> <tr> <td>Cost of goods sold</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Opening stock</td> <td></td> <td style="text-align: right;">35 000</td> <td></td> </tr> <tr> <td>Purchases</td> <td></td> <td style="text-align: right;"><u>245 000*</u></td> <td></td> </tr> <tr> <td></td> <td></td> <td style="text-align: right;">280 000</td> <td></td> </tr> <tr> <td>Closing stock</td> <td></td> <td style="text-align: right;"><u>40 000</u></td> <td></td> </tr> <tr> <td>Cost of goods sold</td> <td></td> <td></td> <td style="text-align: right;"><u>240 000*</u></td> </tr> <tr> <td>Gross profit</td> <td></td> <td></td> <td style="text-align: right;">190 000*</td> </tr> <tr> <td>Expenses</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Salaries and wages</td> <td></td> <td style="text-align: right;">90000**</td> <td></td> </tr> <tr> <td>Motor vehicle expenses</td> <td></td> <td style="text-align: right;">4 500</td> <td></td> </tr> <tr> <td>Rent and rates</td> <td></td> <td style="text-align: right;">1 500**</td> <td></td> </tr> <tr> <td>Insurance</td> <td></td> <td style="text-align: right;">7 000</td> <td></td> </tr> <tr> <td>Heat and light</td> <td></td> <td style="text-align: right;">12 250**</td> <td></td> </tr> <tr> <td>Depreciation - Equipment</td> <td></td> <td style="text-align: right;">3 000</td> <td></td> </tr> <tr> <td>Depreciation - Motor Vehicles</td> <td></td> <td style="text-align: right;">7 500**</td> <td></td> </tr> <tr> <td>Bad Debts</td> <td></td> <td style="text-align: right;">1 350**</td> <td></td> </tr> <tr> <td>Provision for Doubtful Debts</td> <td></td> <td style="text-align: right;">573**</td> <td></td> </tr> <tr> <td></td> <td></td> <td></td> <td style="text-align: right;"><u>127673</u></td> </tr> <tr> <td>Net Profit</td> <td></td> <td></td> <td style="text-align: right;"><u>62327*</u></td> </tr> </tbody> </table> <p style="text-align: right;">16 x * + 8 marks</p>		£	£	£	Sales			430 000	Cost of goods sold				Opening stock		35 000		Purchases		<u>245 000*</u>				280 000		Closing stock		<u>40 000</u>		Cost of goods sold			<u>240 000*</u>	Gross profit			190 000*	Expenses				Salaries and wages		90000**		Motor vehicle expenses		4 500		Rent and rates		1 500**		Insurance		7 000		Heat and light		12 250**		Depreciation - Equipment		3 000		Depreciation - Motor Vehicles		7 500**		Bad Debts		1 350**		Provision for Doubtful Debts		573**					<u>127673</u>	Net Profit			<u>62327*</u>	(8)
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3(c)	<p>Award 4 x * for explanation of the prudence concept 6 x * for an explanation of how adjusting for accruals and prepayments results in a more accurate set of final accounts</p> <p>Sample Answer The prudence concept requires that final accounts should always report a conservative figure for profit* or the valuation of assets*. To this end, profits are not to be anticipated* and all known liabilities should be provided for at the year end* The adjustment for accruals and prepayments is a good example of the application of this concept as by making these adjustments the business is able to report a profit which accurately reflects the true cost that has been incurred for the year** instead of simply the amount that has been paid**. The year end balance sheet will also show a true figure for both assets* and liabilities* by taking account of the prepayments and accruals respectively.</p> <p style="text-align: right;">10 x * = 5 marks</p>	(5)

(Total 25 marks)

Section B

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4(a)	<p style="text-align: center;">Sales Ledger Control Account</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th>Date</th> <th>Narrative</th> <th>£</th> <th>Date</th> <th>Narrative</th> <th>£</th> </tr> </thead> <tbody> <tr> <td>Jan 1</td> <td>Balance b/f</td> <td>65 000*</td> <td>Dec 31</td> <td>Returns Inwards</td> <td>6 430*</td> </tr> <tr> <td>Dec 31</td> <td>Credit sales</td> <td>453 900*</td> <td>Dec 31</td> <td>Receipts from debtors</td> <td>432 000*</td> </tr> <tr> <td>Dec 31</td> <td>Returned cheque</td> <td>750**</td> <td>Dec 31</td> <td>Discount allowed</td> <td>7 540*</td> </tr> <tr> <td></td> <td></td> <td></td> <td>Dec 31</td> <td>Bad debts</td> <td>650*</td> </tr> <tr> <td></td> <td></td> <td></td> <td>Dec 31</td> <td>PL set off</td> <td>1 650**</td> </tr> <tr> <td></td> <td></td> <td></td> <td>Dec 31</td> <td>Balance c/d</td> <td>71 380*C</td> </tr> <tr> <td></td> <td></td> <td><u>519</u> <u>650</u></td> <td></td> <td></td> <td><u>519 650</u></td> </tr> <tr> <td>Jan 1</td> <td>Balance b/d</td> <td>71 380*</td> <td></td> <td></td> <td></td> </tr> </tbody> </table> <p style="text-align: right;">12 x * = 6 marks</p>	Date	Narrative	£	Date	Narrative	£	Jan 1	Balance b/f	65 000*	Dec 31	Returns Inwards	6 430*	Dec 31	Credit sales	453 900*	Dec 31	Receipts from debtors	432 000*	Dec 31	Returned cheque	750**	Dec 31	Discount allowed	7 540*				Dec 31	Bad debts	650*				Dec 31	PL set off	1 650**				Dec 31	Balance c/d	71 380*C			<u>519</u> <u>650</u>			<u>519 650</u>	Jan 1	Balance b/d	71 380*				(6)
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4(b)	<p>The sum of the total individual debtor accounts* in the sales ledger should be the same as the closing balance on the sales ledger control account*. In this case they are different* which would indicate to Ravi that there may be some errors either in the sales ledger or nominal ledger*</p> <p style="text-align: right;">4 x * = 2 marks</p>	(2)

Question Number	Answer	Mark
4(c)	<p>The closing balance would appear as a current asset* in the balance sheet* as it represents the amount of money owing* to Ravi Singh by his debtors*</p> <p style="text-align: right;">4 x * = 2marks</p>	(2)

(Total 10 marks)

Question Number	Answer	Mark																																																
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6(a)	<p>Formula - $\text{Net profit}^*/\text{Sales}^* \times 100$</p> <p>Net profit margin for Blades Garden Services $30000/75000 \times 100 = 40\%^*$</p> <p>Net profit margin for Express Landscaping $34750/139000 \times 100 = 25\%^*$</p> <p>4 x * = 2 marks</p>	(2)

Question Number	Answer	Mark
6(b)	<p>Formula: $\text{Net profit}^*/\text{Capital employed}^* \times 100$</p> <p>Return on capital employed for Blades Garden Services $30000/150000 = 20\%^*$</p> <p>Return on capital employed for Express Landscaping $34750/173750 \times 100 = 20\%^*$</p> <p>4 x * = 2marks</p>	(2)

Question Number	Answer	Mark
6(c)	<p>Formula: $\text{Current assets}^*/\text{Current liabilities}^*$</p> <p>Current ratio for Blades Garden Services $8500/4250 = 2:1^*$</p> <p>Current ratio for Express Landscaping $12000/24000 = 0.5:1^*$</p> <p>4 x * = 2 marks</p>	(2)

Question Number	Answer	Mark
6(d)	<p>Award</p> <p>3 x *** for an evaluation of each ratio as follows (* for figure(s)* for comment and * for development) 1 x * for conclusion</p> <p>Sample answer</p> <p>The net profit margin for Blades Gardening Services is 40% whereas the net profit margin for Express Landscaping is 25%*. This indicates that Amit has better control of his overheads* and even though he has a smaller turnover than his brother is generating more profit from his income*.</p> <p>The return on capital employed for both businesses is the same at 20%*. This would indicate that both businesses are generating a similar return for their respective owners*, even though Jayesh appears to have a larger amount of capital tied up in his business*.</p> <p>The current ratio for Amit is good at 2:1 whereas the ratio for Jayesh should be a cause for concern at 0.5:1*. This indicates that where Amit is able to meet his commitment to his creditors comfortably*, Jayesh may struggle in the short term to meet his as he has a ratio of less than 1:1*.</p> <p>Overall Amit is right to believe his business is superior to that of his brother as both his profitability and liquidity are stronger*</p> <p>All the above marks are OF, if comments are consistent with answers to (a) (b) and (c)</p> <p style="text-align: right;">10 x * = 5 marks</p>	(5)

(Total 11 marks)

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