Cambridge Assessment International Education
Cambridge International General Certificate of Secondary Education

ACCOUNTING **0452/22**

Paper 2 **March 2018**

MARK SCHEME

Maximum Mark: 120

Published

This mark scheme is published as an aid to teachers and candidates, to indicate the requirements of the examination. It shows the basis on which Examiners were instructed to award marks. It does not indicate the details of the discussions that took place at an Examiners' meeting before marking began, which would have considered the acceptability of alternative answers.

Mark schemes should be read in conjunction with the question paper and the Principal Examiner Report for Teachers.

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Generic Marking Principles

These general marking principles must be applied by all examiners when marking candidate answers. They should be applied alongside the specific content of the mark scheme or generic level descriptors for a question. Each question paper and mark scheme will also comply with these marking principles.

GENERIC MARKING PRINCIPLE 1:

Marks must be awarded in line with:

- the specific content of the mark scheme or the generic level descriptors for the question
- the specific skills defined in the mark scheme or in the generic level descriptors for the question
- the standard of response required by a candidate as exemplified by the standardisation scripts.

GENERIC MARKING PRINCIPLE 2:

Marks awarded are always **whole marks** (not half marks, or other fractions).

GENERIC MARKING PRINCIPLE 3:

Marks must be awarded **positively**:

- marks are awarded for correct/valid answers, as defined in the mark scheme. However, credit is given for valid answers which go beyond the scope of the syllabus and mark scheme, referring to your Team Leader as appropriate
- marks are awarded when candidates clearly demonstrate what they know and can do
- marks are not deducted for errors
- marks are not deducted for omissions
- answers should only be judged on the quality of spelling, punctuation and grammar when these features are specifically assessed by the question as indicated by the mark scheme. The meaning, however, should be unambiguous.

GENERIC MARKING PRINCIPLE 4:

Rules must be applied consistently e.g. in situations where candidates have not followed instructions or in the application of generic level descriptors.

GENERIC MARKING PRINCIPLE 5:

Marks should be awarded using the full range of marks defined in the mark scheme for the question (however; the use of the full mark range may be limited according to the quality of the candidate responses seen).

GENERIC MARKING PRINCIPLE 6:

Marks awarded are based solely on the requirements as defined in the mark scheme. Marks should not be awarded with grade thresholds or grade descriptors in mind.

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1(a)</td><td>Assist in the location of errors
Provide an instant total of trade receivables
Prove the arithmetical accuracy of the sales ledger
Enable a statement of financial position to be prepared quickly
Provide a summary of transactions relating to trade receivables
Help reduce fraud
Any 2 advantages (1) each</td><td>2</td></tr>
<tr><td>1(b)</td><td>Overpayment by a credit customer of the amount owing
Credit customer failing to deduct available cash discount
Credit customer returning goods after settling account
Credit customer making payment in advance
Any 2 reasons (1) each</td><td>2</td></tr>
<tr><td>1(c)</td><td>
<table>
<tr><td></td><td>debit</td><td>credit</td><td>no entry</td></tr>
<tr><td>opening balance owed to credit suppliers</td><td></td><td>✓ (1)</td><td></td></tr>
<tr><td>credit purchases</td><td></td><td>✓(1)</td><td></td></tr>
<tr><td>cash purchases</td><td></td><td></td><td>✓(1)</td></tr>
<tr><td>cash discount received</td><td>✓(1)</td><td></td><td></td></tr>
<tr><td>trade discount received</td><td></td><td></td><td>✓(1)</td></tr>
<tr><td>cheques paid to credit suppliers</td><td>✓(1)</td><td></td><td></td></tr>
<tr><td>interest charged by credit suppliers</td><td></td><td>✓(1)</td><td></td></tr>
<tr><td>returns to credit suppliers</td><td>✓(1)</td><td></td><td></td></tr>
<tr><td>contra between sales and purchases ledgers</td><td>✓(1)</td><td></td><td></td></tr>
</table>
</td><td>9</td></tr>
</table>

Question 1(d) — **Marks: 6**

	principle
Kamika uses the double entry system of book-keeping when recording transactions in her ledgers	Duality **(1)**
Kamika adjusted the charge for insurance in the income statement for an amount prepaid at the year-end	Accruals (matching) **(1)**
Kamika adjusts her provision for doubtful debts at the end of each year so it is always 3% of her trade receivables	Prudence **Or** Consistency **(1)**
Kamika intends to trade for several years and values her premises at net book value not expected sales value in her statement of financial position	Going concern **(1)**
Kamika did not make any entry in her accounting records when a competitor reduced his prices even though it may affect her sales	Money measurement **(1)**
Kamika did not make any entry in her accounting records when a customer asked for goods to be put aside for him to collect sometime in the future	Realisation **(1)**

Question 1(e) — **Marks: 9**

Kamika
Fuel2go account

Date	Details		$	Date	Details	$
2017				*2017*		
Mar 31	Bank	**(1)**	780	*Feb 1*	*Balance b/d*	800
	Discount received	**(1)**	20	Dec 10	Fuel expenses **(1)**	3200
2018						
Jan 31	Balance c/d		3200			
			4000			4000
				2018		
				Feb 1	Balance b/d **(1)OF**	3200

Fuel expenses account

Date	Details		$	Date	Details	$
2017				2018		
Feb 1	*Balance (inventory) b/d*		*950*	Jan 31	Income statement**(1)OF**	3260
Jun 4	Bank	**(1)**	210		Balance	
Dec 10	Fuel2go	**(1)**	3200		(inventory) c/d	1100
			4 360			4360
2018						
Feb 1	Balance (inventory) b/d	**(1)**	1100			

+ (1) Dates

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(a)</td><td>Ensures that the profit for the year is not overstated in the income statement (1)
Ensures that the non-current assets are not overstated in the statement of financial position(1)</td><td>2</td></tr>
<tr><td>2(b)</td><td>Dipak
Journal
<table><tr><th></th><th>Debit
$</th><th>Credit
$</th><th></th></tr><tr><td>Motor vehicles</td><td>50 000</td><td></td><td>(1)</td></tr><tr><td>ZY Motors</td><td></td><td>50 000</td><td>(1)</td></tr></table></td><td>2</td></tr>
<tr><td>2(c)</td><td><table><tr><td></td><td>$</td><td></td></tr><tr><td>Cost</td><td>40 000</td><td></td></tr><tr><td>Depreciation to 30 November 2015</td><td>14 400</td><td></td></tr><tr><td>Book value at 30 November 2015</td><td>25 600</td><td></td></tr><tr><td>Depreciation for the year ended 30 November 2016</td><td>5 120</td><td>(1)</td></tr><tr><td>Book value at 30 November 2016</td><td>20 480</td><td></td></tr><tr><td>Depreciation for the year ended 30 November 2017</td><td>4 096</td><td>(1)</td></tr></table></td><td>2</td></tr>
<tr><td>2(d)</td><td><table><tr><td></td><td>$</td><td></td></tr><tr><td>Cost</td><td>50 000</td><td></td></tr><tr><td>Depreciation for the year ended 30 November 2016</td><td>10 000</td><td>(1)</td></tr><tr><td>Book value 30 November 2016</td><td>40 000</td><td></td></tr><tr><td>Depreciation for the year ended 30 November 2017</td><td>8 000</td><td>(1)</td></tr></table></td><td>2</td></tr>
<tr><td>2(e)</td><td>Dipak
Journal
<table><tr><th></th><th>Debit
$</th><th>Credit
$</th><th></th></tr><tr><td>Income statement (4096 + 8000)</td><td>12 096</td><td></td><td>(1) OF</td></tr><tr><td>Provision for depreciation of motor vehicles</td><td></td><td>12 096</td><td>(1) OF</td></tr></table></td><td>2</td></tr>
<tr><td>2(f)</td><td><table><tr><td></td><td>$</td><td></td></tr><tr><td>Depreciation to 30 November 2015</td><td>14 400</td><td></td></tr><tr><td>Depreciation for the year ended 30 November 2016</td><td>5 120</td><td>}</td></tr><tr><td>Depreciation for the year ended 30 November 2017</td><td>4 096</td><td>} (1)OF</td></tr><tr><td></td><td>23 616</td><td>(1)OF</td></tr></table></td><td>2</td></tr>
</table>

Question	Answer	Marks
2(g)	Dipak Journal	**6**

		Debit $	Credit $	
1	Disposal of motor vehicle	40 000		**(1)**
	Motor vehicles		40 000	**(1)**
	Transferring cost of motor vehicle to disposal account			**(1)**
2	Provision for depreciation of motor vehicles	23 616		**(1) OF**
	Disposal of motor vehicle		23 616	**(1) OF**
	Transferring the accumulated depreciation on motor vehicle sold to the disposal account			**(1)**

Question	Answer	Marks
3(a)	ND Sports Club Café Income Statement for the year ended 31 December 2017	**7**

	$		$	
Revenue (sales)			9 520	
Purchases (5760 **(1)** + 130 **(1)**)	5 890			
Closing inventory	970			
	4 920			
Wages of assistant (4000 + 160 **(1)**)	4 160			
Rent and insurance (3700 – 1200/12 **(1)** x ¼ **(1)**	900			
Depreciation – fixtures and fittings (20% × 3500)	700	**(1)**	10 680	
Loss for the year			1 160	**(1)OF**

Question	Answer	Marks
3(b)	ND Sports Club Income and Expenditure Account for the year ended 31 December 2017	**9**

	$		$	
Subscriptions ((14 850 + 500**(1)**) – 350 **(1)**) (**Or** 300 **(1)** × 50 **(1)**)			15 000	
Net income from competition			710	**(1)**
			15 710	
Loss on café	1 160	**(1) OF**		
Wages of sports coach	6 000	**}**		
General club expenses	540	**}(1)**		
Rent and insurance (3700 – 1200/12 **(1)** x ¾**(1)**)	2 700			
Depreciation – sports equipment (20% × 6200)	1 240	**(1)**	11 640	
Surplus for the year			4 070	**(1) OF**

Question	Answer	Marks
3(c)	Receipts from café sales Café suppliers Wages of café assistant Interest-free loan Sports equipment Café fixtures and fittings **Any 1 item (1)** Reason: For any of first three items – It relates to the café and appears in the café income statement **(1)** Reason: For any of the last three items – It is an asset/liability and appears in the statement of financial position **(1)**	**2**
3(d)	Depreciation of sports equipment Subscriptions accrued Loss on café Surplus/deficit **Any 1 item (1)** Reason – The depreciation is a non-monetary expense No money was received in respect of the subscriptions accrued The loss on the café was calculated in the income statement The surplus/deficit was calculated in the income and expenditure account **Any 1 suitable reason for the item selected (1)**	**2**
3(e)	The members of the club have not invested any capital/are not owners/are not shareholders **(1)** so there can be no dividends/profit share which represent a return on the amount invested **(1)**	**2**
3(f)	These would not raise the required amount within the time limit **Or other suitable reason** **Any suitable reason (1)**	**1**
3(g)	Long-term loan Mortgage Sponsorship Grants Donations **Or other suitable source of long term funds** **Any 1 source (1)**	**1**

Question	Answer					Marks
4(a)	Amaira Corrected Statement of Financial Position at 31 January 2018					**15**
	Assets	$	$		$	
	Non-current assets	Cost	Depreciation to date		Book value	
	Premises	85 000			85 000	
	Fixtures and fittings	40 000	19 520		20 480	**(1)**
	Motor vehicle	11 000	1 375	**(1)**	9 625	**(1)OF**
		136 000	20 895		115 105	
	Current assets					
	Inventory (18 000 + 2 000)				20 000	**(1)**
	Trade receivables		14 000			
	Less Provision for doubtful debts (3% × 14 000)		420	**(1)**	13 580	**(1)OF**
	Petty cash				90	**(1)**
					33 670	
	Total assets				148 775	
	Capital and liabilities					
	Capital					
	Opening balance				100 000	
	Plus Profit for the year (14 735 **(1)** – 1375 **(1)** – 150**(1)** + (450 – 420) **(1)**)				13 240	*
					113 240	
	Less Drawings				7 000	**(1)**
					106 240	**(1)OF**
	Current liabilities					
	Trade payables				15 144	
	Bank overdraft (7 241 + 150)				7 391	**(1)**
	Loan – EasyLoans				20 000	**(1)**
					42 535	
	Total capital and liabilities				148 775	
	*** Accept calculation outside Statement**					

Question	Answer	Marks
4(b)	Amaira Capital account *Date* 2018 Jan 31 | Details: Drawings **(1)**, Balance c/d | $: 7 000, 106 240 | 113 240 Date 2017 Feb 1 | Details: Balance b/d **(1)** | $: 100 000 2018 Jan 31 | Profit for year **(1)OF** | $: 13 240 | 113 240 2018 Feb 1 | Balance b/d **(1)OF** | $: 106 240 **+ (1) Dates**	**5**
4(c)	To see if the business is likely to continue operating To assess job security To assess likelihood of wage increases **Or other suitable reason** **Any 2 reasons (1) each**	**2**
4(d)	Any points listed in **(c)** above provided not awarded in that section To compare results with previous years To compare results with other businesses To assess past performance To see where improvements can be made/take remedial action To compare with budgets and forecasts **Or other suitable reason** **Any 2 reasons (1) each**	**2**

Question	Answer	Marks
5(a)	ABC Limited Statement of Changes in Equity for the year ended 31 December 2017	6

	Ordinary share capital $	General reserve $	Retained earnings $	Total $	
On 1 January 2017	180 000	25 000	9 500	214 500	
Share issue	20 000	.....	.....	**20 000**	**1**
Profit for the year	.....	.....	**21 000**	**21 000**	**1**
Final dividend paid for year ended 31 December 2016	.....	.....	**(7 200)**	(7 200)	**1**
Interim dividend for the year ended 31 December 2017	.....	.....	**(6 000)**	(6 000)	**1**
Transfer to general reserve	.....	2 000	**(2 000)**	.....	**1**
At 31 December 2017	**200 000**	**27 000**	**15 300**	**242 300**	**1**

5(b)	Increase in gross profit Decrease in expenses/better control of expenses Increase in other income Different type of expenses **Or other suitable reason** **Any 2 reasons (1) each**	**2**
5(c)	2017 **(1)** In 2016 the percentage of expenses to revenue was 20%: in 2017 the percentage of expenses to revenue was 16% **(1)s**	**2**
5(d)		**4**

proposal	effect on percentage of profit for the year to revenue		
	increase	decrease	no effect
reduce number of employees to reduce the wages bill	✓ **(1)**		
purchase supplies in bulk to get trade discount	✓ **(1)**		
purchase supplies on a cash basis only			✓ **(1)**
delay payment of rent of premises			✓ **(1)**

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>5(e)</td><td>The company had to wait longer to receive the money from the trade receivables.
Delay in receiving the money may be the reason why company took longer to pay trade payables.
Company would not qualify for cash discount in 2017.
Company would not have to allow cash discount in 2017.
Company may be charged interest on late payments in 2017.
Company may charge interest on late receipts in 2017.
In both years the company was paying the trade payables before receiving money from the trade receivables
Or other suitable comment
Any 2 comments (1) each</td><td>2</td></tr>
<tr><td>5(f)</td><td>Offer cash discount for prompt payment
Charge interest on overdue accounts
Improve credit control
Issue invoices and monthly statements promptly
Refuse further supplies until outstanding balance is paid
Invoice discounting and debt factoring
Any 2 points (1) each</td><td>2</td></tr>
<tr><td>5(g)</td><td>Reduce credit sales/sell for cash only
Obtain references from new credit customers
Fix a credit limit for each customer
Improve credit control
Issue invoices and monthly statements promptly
Refuse further supplies until outstanding balance is paid
Offer cash discount for prompt payment
Charge interest on overdue accounts
Any 2 points (1) each</td><td>2</td></tr>
<tr><td>5(h)</td><td>Have to wait longer for the money
Increased risk of bad debts
Or other suitable disadvantage
Any 1 disadvantage (1)</td><td>1</td></tr>
<tr><td>5(i)</td><td>Do not have to allow cash discount
May charge interest on overdue accounts
Or other suitable advantage
Any 1 advantage (1)</td><td>1</td></tr>
<tr><td>5(j)</td><td>The profit earned for every $100 used in the business</td><td>1</td></tr>
<tr><td>5(k)</td><td>
<table>
<tr><td></td><td colspan="3">effect on return on capital employed (ROCE)</td></tr>
<tr><td></td><td>increase</td><td>decrease</td><td>no effect</td></tr>
<tr><td>reduce cost of insuring motor vehicles</td><td>✓ (1)</td><td></td><td></td></tr>
<tr><td>issue more ordinary shares</td><td></td><td>✓ (1)</td><td></td></tr>
<tr><td>obtain a short-term interest-free loan from a director</td><td></td><td></td><td>✓ (1)</td></tr>
</table>
</td><td>3</td></tr>
</table>

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