Cambridge Assessment International Education
Cambridge International General Certificate of Secondary Education

ACCOUNTING **0452/23**

Paper 2 **May/June 2019**

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.

Cambridge International will not enter into discussions about these mark schemes.

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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).

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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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Question	Answer	Marks
1(a)	Annabel Cash Book **+ (1) totalling discount columns** **+ (1) dates**	**13**

Date	Details		Disc. $	Cash $	Bank $	Date	Details		Disc. $	Cash $	Bank $
2019						*2019*					
April 1	*Balance b/d*			*150*		*April 1*	*Balance b/d*				*988*
8	Ellie	**(1)**	9		441	15	Ed	**(1)**	12		468
21	Caleb	**(1)**			310	25	Cash	**(1)**			200
25	Bank	**(1)**		200		27	Operating expenses	**(1)**		296	
30	Carly	**(1)**	6		294	30	Caleb (dis chq)	**(1)**			310
	Balance c/d				1 003		Bank charges	**(1)**			82
							Balance c/d			54	
			15	350	2 048				12	350	2 048
2019						2019					
May 1	Balance b/d			54 **(1)OF**		May 1	Balance b/d				1003 **(1)OF**

Question		Marks
1(b)		**4**

document	**person issuing the document**
invoice	Ed **(1)**
debit note	Annabel **(1)**
credit note	Ed **(1)**
statement of account	Ed **(1)**

Question	Answer	Marks
1(c)	A debit note is sent by the customer to the supplier **(1)** to ask for a reduction in an invoice/when goods are returned **(1)** A credit note is sent by the supplier to the customer **(1)** to notify of a reduction in an invoice/accept returns/accept request for reduction in an invoice **(1)**	**4**

Question	Answer	Marks
1(d)	To notify the customer of the amount outstanding/to remind the customer of the amount due To summarise the transactions for the month To provide the customer with a copy of their account for checking purposes **Any 1 reason (1)**	**1**

Question	Answer	Marks
2(a)	NS Musical Society Subscriptions account **+ (1) dates**	**7**

Date	Details		$	Date	Details		$
2018				2018			
Feb 1	Balance b/d	**(1)**	100	Feb 1	Balance b/d	**(1)**	250
2019				2019			
Jan 31	Income and			Jan 31	*Bank/Cash	**(1)**	
	expenditure	**(1)**	3 000			**(1)**	3 050
	Balance c/d		200				
			3 300				3 300
				2019			
				Feb 1	Balance b/d	**(1)**	200

Question	Answer	Marks
2(b)	NS Musical Society Receipts and Payments Account for the year ended 31 January 2019	**11**

Date	Details	$	Date	Details		$
2019			2018			
Jan 31	Subscriptions **(1)OF**	3 050	Feb 1	Balance b/d	**(1)**	780
	Concert tickets **(1)**	2 560	2019			
	Disposal of non-current assets **(1)**	100	Jan 31	Rates	**(1)**	2 000
	Balance c/d	2 430		Insurance	**(1)**	700
				Concert expenses	**(1)**	1 610
				Musical Instruments	**(1)**	1 050
				*Missing amount	**(1)**	
					(1)	2 000
		8 140				8 140
			2019			
			Feb 1	Balance b/d		2 340

+ (1) dates

2(c)			**6**

Item	$	
Concert	950	**(1)**
Insurance	2 400	**(1)**
Rates	600	**(1)**
Depreciation of musical instruments 10% × (3600 + 2100 – 120**(1)**)	558	**(1)OF**
Sale of musical instrument	20	**(1)**

Question	Answer	Marks
2(d)	The total amount receivable from members each year would increase by $600 The annual surplus for the year would increase by $600 This total receipts would increase by $600 per annum if all the members paid their subscription in full each year This would reduce the overdraft by $600 The existing overdraft would have only been $430 if the theft had not occurred Membership may fall if the annual subscription is increased **Or other suitable comments** **Any 3 comments (1) each**	**3**

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Question	Answer	Marks
3(a)	Jamal Manufacturing Account for the year ended 28 February 2019	**15**

	$		$	
Cost of materials consumed				
Purchases of raw materials	45 680			
Less Purchases returns	1 030	**(1)**	44 650	
Carriage on raw materials			3 240	**(1)**
			47 890	
Closing inventory of raw materials			4 150	
			43 740	**(1)**
Direct wages 29 750 **(1)** + 3040 **(1)**			32 790	
Prime cost			76 530	**(1)OF**
Factory overheads				
Indirect factory wages	18 750			
Operating expenses (8250 + 550) **(1)** × 75% **(1)**	6 600			
Insurance (3200 – 800) **(1)** × 75% **(1)**	1 800			
Depreciation – factory machinery	8 800	**(1)**		
loose tools	330	**(1)**	36 280	
			112 810	**(1)OF**
Closing work in progress			3 310	**(1)**
Cost of production			109 500	**(1)OF**

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>3(b)</td><td>
Jamal
Income Statement (Trading section) for the year ended 28 February 2019

<table>
<tr><td></td><td>$</td><td></td><td>$</td><td></td></tr>
<tr><td>Revenue</td><td>143 500</td><td>(1)OF</td><td></td><td></td></tr>
<tr><td>Less Sales returns</td><td>2 250</td><td>(1)</td><td>141 250</td><td></td></tr>
<tr><td>Cost of sales</td><td></td><td></td><td></td><td></td></tr>
<tr><td>Cost of production</td><td>109 500</td><td>(1)OF</td><td></td><td></td></tr>
<tr><td>Purchases of finished goods</td><td>12 400</td><td>(1)</td><td></td><td></td></tr>
<tr><td></td><td>121 900</td><td></td><td></td><td></td></tr>
<tr><td>Closing inventory of finished goods</td><td>8 900</td><td>(1)</td><td>113 000</td><td>(1)OF</td></tr>
<tr><td>Gross profit</td><td></td><td></td><td>28 250</td><td>(1)OF</td></tr>
</table>
</td><td>7</td></tr>
<tr><td>3(c)</td><td>
<table>
<tr><th>Error</th><th>effect on cost of production</th><th>effect on gross profit</th><th>effect on profit for the year</th></tr>
<tr><td>Returns of finished goods to the supplier, $1 200, had not been recorded</td><td>no effect</td><td>understated</td><td>understated</td></tr>
<tr><td>Operating expenses accrued were $850 not $550</td><td>understated (1)</td><td>overstated (1)</td><td>overstated (1)</td></tr>
<tr><td>Salesman’s commission, $1 850, had been included in indirect factory wages</td><td>overstated (1)</td><td>understated (1)</td><td>no effect (1)</td></tr>
</table>
</td><td>6</td></tr>
</table>

Question	Answer	Marks
4(a)	Shen Rates account Date 2018 Mar 31 Bank } (1) 640 Oct 31 Bank 720 1 360 2019 Feb 1 Balance b/d **(1)OF** 160 Date 2018 Feb 1 Balance b/d **(1)** 240 2019 Jan 31 Income statement **(1)** 960 Balance c/d 160 1 360 Commission receivable account Date 2018 Feb 1 Balance b/d **(1)** 210 2019 Jan 31 Income statement **(1)OF** 209 419 2019 Feb 1 Balance b/d **(1)OF** 114 Date 2018 Mar 1 Bank }(1) 210 Aug 31 Cash 95 2019 Jan 31 Balance c/d 114 419 **+ (1) dates**	**9**
4(b)	$\frac{(25\,850 - 5150)}{(1890 + 2040)/2} = \frac{20\,700}{1965}$ **(1)** **(1)** = 10.53 times **(1)**	**3**

Question	Answer	Marks
4(c)	**If answer to 4(b) is below 11.50 times** Unsatisfied **(1)** Goods are not being sold as quickly as in the previous year/lower sales/increased inventory **(1)** **If answer to 4(b) is above 11.50 times** Satisfied **(1)** Goods are being sold more quickly than in the previous year/increased sales/decreased inventory **(1)**	**2**
4(d)	Increase sales activity/higher sales Reduce level of inventory **Or other suitable point** **Any 2 points (1) each**	**2**
4(e)	To apply the principle of prudence To ensure that the profit for the year is not overstated To ensure that the inventory/current assets are not overstated To apply the principle of consistency To apply the principle of accruals (matching) **Any 2 reasons (1) each**	**2**

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Question	Answer	Marks
4(f)		**4**

	overstated	understated	
current assets at 31 January 2019	✓		
gross profit for the year ended 31 January 2019	✓		**(1)**
capital at 31 January 2019	✓		**(1)**
cost of sales for the year ending 31 January 2020	✓		**(1)**
profit for the year ending 31 January 2020		✓	**(1)**

Question	Answer	Marks
5(a)(i)	$\frac{7250}{118\,000} \times \frac{365}{1}$ **} (1) whole formula** = 22.43 = 23 days **(1)**	**2**
5(a)(ii)	Improve credit control Issue invoices and statements promptly Offer cash discount for prompt payment Charge interest on overdue accounts Refuse further supplies until outstanding balance is paid Invoice discounting and debt factoring **Any two methods (1) each**	**2**

Question	Answer	Marks
5(b)(i)	$\frac{6600}{94\,000} \times \frac{365}{1}$ **} (1) whole formula** = 25.63 = 26 days**(1)**	**2**
5(b)(ii)	**If answer to 5(b)(i) is less than 30 days** Is deprived of the use of the money within the business earlier than previously Relationship with trade payables may be improved May be entitled to cash discount Will avoid being charged interest on overdue accounts **If answer to 5(b)(i) is more than 30 days** Has use of money for a longer period Relationship with trade payables may deteriorate Will lose cash discount May be charged interest on overdue accounts **Any 2 points (1) each**	**2**
5(c)(i)	$\frac{(118\,000 - 94\,350)}{118\,000} \times \frac{100}{1} = \frac{23\,650}{118\,000} \times \frac{100}{1}$ **} whole formula (1)** = 20.04% **(1)**	**2**
5(c)(ii)	$\frac{9900}{118\,000} \times \frac{100}{1}$ **} whole formula (1)** = 8.39% **(1)**	**2**
5(c)(iii)	**Either** $\frac{14\,100}{271\,000}$ **(1)** $\times \frac{100}{1}$ = 5.20% **(1)** **Or** $\frac{9900}{271\,000}$ **(1)** $\times \frac{100}{1}$ = 3.65% **(1)**	**2**

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Question	Answer	Marks
5(d)	Raj Statement of corrected profit for the year ended 31 March 2019	**7**

	Increase in profit $	Decrease in profit $	$
Draft profit for the year before corrections			8 550
Error 1	180 **(2)***		
Error 2		2 400 **(2)***	
Error 3		300 **(2)***	
	180	2 700	2 520
Corrected profit for the year			6 030 **(1)OF**

*** (1) for position and (1) for amount**