Cambridge Assessment International Education
Cambridge International General Certificate of Secondary Education

ACCOUNTING **0452/13**

Paper 1 **October/November 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.

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.

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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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Question	Answer	Marks
1(a)	C	**1**
1(b)	B	**1**
1(c)	B	**1**
1(d)	C	**1**
1(e)	A	**1**
1(f)	D	**1**
1(g)	A	**1**
1(h)	D	**1**
1(i)	D	**1**
1(j)	B	**1**

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Question	Answer	Marks
1	Glossary **(c)** A 20% × (23 000–4 600) B 20% × 23 000 C (20% × 18 400)+4 600 D (20% × 23 000)+4 600 **(d)** A CAs–CLs=(35+29)–(9+25) B Net As–LTLs=(121+35+29–9–25)–70 C Total As–CLs=(121+35+29)–(9+25) D Total As=121+35+29 **(f)** A 42 150–2 120–2 840 B 42 150+2 120–2 840 C 42 150+2 840–2 120 D 42 150+2 120+2 840 **(g)** A $(\frac{2}{3} \times 14\,700 - 9\,000) + 9\,000 - 2\,100$ B $(\frac{2}{3} \times 14\,700 - 9\,000) + 9\,000 + 2\,100$ C $(\frac{2}{3} \times 14\,700) + 9\,000 - 2\,100$ D $(\frac{2}{3} \times 14\,700) + 9\,000 + 2\,100$	

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(a)</td><td>Total resources provided by the owner for the business/amount the business owes the business owner
Allow the amount the owner has invested, but not capital invested. Do not award for just the equation.</td><td>1</td></tr>
<tr><td>2(b)</td><td>
<table>
<tr><th>transaction</th><th colspan="2">account to be debited</th><th colspan="2">account to be credited</th></tr>
<tr><td>obtained loan from bank</td><td>Bank/cash at bank</td><td>(1)</td><td>loan</td><td>(1)</td></tr>
<tr><td>purchased office fixtures by cheque</td><td>office fixtures</td><td>(1)</td><td>Bank/cash at bank</td><td>(1)</td></tr>
<tr><td>sold computer for cash</td><td>Cash/cash in hand</td><td>(1)</td><td>sales</td><td>(1)</td></tr>
<tr><td>took printer for personal use</td><td>drawings</td><td>(1)</td><td>purchases</td><td>(1)</td></tr>
</table>
</td><td>8</td></tr>
<tr><td>2(c)</td><td>Check the arithmetical accuracy of the double entry
Assist in preparation of financial statements
Any 1 reason
Do not allow just accuracy or references to ledgers</td><td>1</td></tr>
</table>

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(d)</td><td>
<table>
<tr><td></td><td>debit column</td><td>credit column</td></tr>
<tr><td>capital</td><td></td><td>✓</td></tr>
<tr><td>drawings</td><td>✓</td><td></td></tr>
<tr><td>provision for depreciation</td><td></td><td>✓</td></tr>
<tr><td>carriage inwards</td><td>✓</td><td></td></tr>
<tr><td>carriage outwards</td><td>✓</td><td></td></tr>
<tr><td>rent received</td><td></td><td>✓</td></tr>
<tr><td>stationery</td><td>✓</td><td></td></tr>
<tr><td>sales returns</td><td>✓</td><td></td></tr>
</table>
Each two correct items (1)</td><td>4</td></tr>
<tr><td>2(e)</td><td>Error of commission
Any suitable example such as crediting X instead of Y, debiting rent instead of rates (1)

Error of omission
Any suitable example of transaction completely omitted from books, for example, payment of insurance completely missed out (1)

Compensating errors
Any suitable example such as overcasting sales by $100 and overcasting purchases by $100 (1)</td><td>3</td></tr>
<tr><td>2(f)</td><td>Capital expenditure (1)
Revenue expenditure (1)</td><td>2</td></tr>
</table>

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(g)</td><td>
<table>
<tr><td></td><td>Income Statement</td><td>Statement of Financial Position</td></tr>
<tr><td>purchase of motor vehicle</td><td></td><td>✓(1)</td></tr>
<tr><td>charge for delivering motor vehicle</td><td></td><td>✓(1)</td></tr>
<tr><td>insurance for motor vehicle</td><td>✓(1)</td><td></td></tr>
<tr><td>fuel for motor vehicle</td><td>✓(1)</td><td></td></tr>
</table>
</td><td>4</td></tr>
</table>

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Question	Answer	Marks
3(a)		**12**

Lefika

Cash Book

Date	Details	Discount allowed	Cash	Bank	Date	Details	Discount received	Cash	Bank
2018		$	$	$	*2018*		$	$	$
Aug 1	*Balance b/d*		*30*		*Aug 1*	*Balance b/d*			*1 253*
5	Tabia **(1)**	9		441	8	Tebago **(1)**	7		273
16	Nyack **(1)**	8		282	31	Drawings **(1)**		200	
28	Sales **(1)**		90	153		Bank c **(1)**		150	
30	Disposal **(1)**		250			Balance c/d		20	
31	Cash c **(1)OF**			150					
	Balance c/d			500					
		17	370	1 526			7	370	1 526
2018					2018				
Sept 1	Balance b/d **(1)**		20		Sept 1	Balance b/d **(1)OF**			500

+ (1) dates need all dates but do not have to bring balances down
+ (1) totalling discount columns
Do not award non current asset for sale of non current asset in lieu of disposal
Need correct label and amount(s) for 1 mark
Must have bal c/d amount to gain bal b/d mark

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Question	Answer	Marks
3(b)	Lefika Bank Reconciliation Statement at 31 August 2018 Balance shown on bank statement — $ (812) **(1)** Add Amounts not credited – Sales 153 **(1)** Cash 150 **(1)OF** Cheque not credited – Nyack 282 **(1)OF** — $ 585 (227) Less cheques not yet presented – Tebago (273) **(1)OF** Balance shown in cash book (500) **(1)OF**	**6**

Question	Answer	Marks
3(b)	**Alternative presentation** Lefika Bank reconciliation Statement at 31 August 2018 |	| | | | | | | | | | | | $ | | $ | | | | Balance shown in cash book | | | | (500) | **(1)OF** | | Add Cheques not yet presented – | Tebago | | | 273 | **(1)OF** | | | | | | (227) | | | Less amounts not credited – | Sales | 153 | **(1)** | | | | | Cash | 150 | **(1)OF** | | | | Cheques not credited – | Nyack | 282 | **(1)OF** | (585) | | | Balance shown on bank statement | | | | (812) | **(1)** |		1
3(c)	Work can be shared amongst several people/division of work Easier for reference as same type of accounts are kept together/locate details of transactions Easier to introduce checking procedures Reduce possibility of fraud **Or other suitable advantage** **Any one advantage (1)**	**1**
3(d)	**(i)** sales/trade receivables ledger **(1)** **(ii)** nominal (general) ledger **(1)** **(iii)** nominal (general) ledger **(1)** **(iv)** purchases/trade payables ledger **(1)**	**4**

Question	Answer	Marks
4(a)	Ava Bad debts recovered account Date / Details / $ / Date / Details / $ 2018 / 2018 July 31 / Income statement **(1)** / 194 / July 31 / Bank / 194 **OR** **} (1)** Wilma 194 / 194 Bad debts account Date / Details / $ / Date / Details / $ *2018* / 2018 *July 1* / *Total to date* / *218* / July 31 / Income statement **(1)** / 398 31 / Gary **(1)** / 180 398 / 398	**14**

Question	Answer	Marks
4(a)		

Gary account

Date	Details	$	Date	Details		$
2018			2018			
July 1	*Balance b/d*	*270*	July 31	Cash	**(1)**	90
				Bad debts	**(1)**	180
		270				270

Provision for doubtful debts account

Date	Details	$	Date	Details		$
2018			*2017*			
July 31	Balance c/d	460	*Aug 1*	*Balance b/d*		*310*
			2018			
			July 31	Income statement	**(1)**	150
		460				460
			2018			
			Aug 1	Balance b/d	**(1)**	460

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Question	Answer	Marks
4(a)	Discount allowed account	

Date	Details	$	Date	Details	$
2018			2018		
July 1	*Total to date*	*1 495*	July 31	Income statement **(1)**	1639
31	Total for month **(1)**	144			
		1639			1639

Provision for depreciation of office equipment account

Date	Details	$	Date	Details	$
2018			*2017*		
July 31	Balance c/d	12 800	*Aug 1*	*Balance b/d*	*9 600*
			2018		
			July 31	Income statement **(1)**	**(1)** 3 200
		12 800			12 800
			2018		
			Aug 1	Balance b/d **(1)OF**	12 800

+ (1) dates need dates on all entries but can still have if no bal b/d

Question	Answer	Marks
4(b)	Prudence Accruals (matching) Consistency **Any two (1) each**	**2**
4(c)	Both years are within the credit period allowed Slight improvement in 2018/or collection period has decreased Risk of bad debts is reduced by prompt payment Assists cash flow of business Allows funds to be available for payment of trade payables/running costs No cash discount will be allowed **Or other relevant comments** **Any two comments (1) each**	**2**
4(d)	Eliminates possibility of bad debts Improves cash flow/better liquidity Customers may go to other agencies where credit terms are available/sales decrease Reduce provision for doubtful debts Trade receivables will reduce/not exist **Or other relevant comments** **Any two comments (1) each**	**2**

Question	Answer			Marks
5(a)	Calculation of sales	$		**6**
	Cheques received from trade receivables	47 970	**(1)**	
	Discount allowed	1 230	**(1)**	
	Bad debts written off	115	**(1)**	
	Trade receivables at 30 September 2018	3 305	**(1)**	
		52 620		
	Less Trade receivables at 1 October 2017	4 620	**(1)**	
	Sales	48 000	**(1)**	

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Question	Answer	Marks
5(a)	**Alternative presentation** Total trade receivables account See table below No aliens allowed for OF sales	

Date	Details		$	Date	Details		$
2017				2018			
Oct 1	Balance b/d	**(1)**	4 620	Sept 30	Bank	**(1)**	47 970
2018					Discount allowed	**(1)**	1 230
Sept 30	Sales	**(1)OF**	48 000		Bad debts	**(1)**	115
					Balance c/d	**(1)**	3 305
			52 620				52 620

Question	Answer	Marks
5(b)	Khalid Income Statement (Trading Account section) for the year ended 30 September 2018 $ $ $ Revenue 48 000 **(1)OF** Cost of sales Opening inventory 3 100 **(1)** Purchases 39 200 **(1)** 42 300 Closing inventory on premises 1 500 **(1)** destroyed 2 400 **(1)OF** 3 900 38 400 **(1)OF** Gross profit 9 600 **(1)OF**	**7**
5(c)(i)	$\frac{38\,400\ \textbf{OF}}{(3\,100 + 3\,900)\ \textbf{OF} \div 2} = \frac{38\,400}{3\,500}$ **OF(1) whole formula** = 10.97 times **(1) OF**	**2**
5(c)(ii)	The number of times the inventory is sold and replaced in the financial year **(1)**	**1**

Question	Answer	Marks
5(d)		**5**

	debit entry	credit entry
opening balance owed to credit suppliers		✓**(1)**
credit purchases		✓**(1)**
cheques paid to credit suppliers	✓**(1)**	
cash discount received	✓**(1)**	
contra between sales and purchases ledgers	✓**(1)**	

Question	Answer	Marks
6(a)	FW Limited Extract from Statement of Financial Position at 30 September 2018 $ Equity and reserves Ordinary share capital (100 000 + 50 000) 150 000 **(1)** General reserve (15 000 + 5 000) 20 000 **(1)** Retained earnings (7 000 + 28 000 **(1)** – 5 000 **(1)** – 9 000 **(1)**) 21 000 191 000 **(1)** Non-current liabilities 5% Debentures (repayable 2024) 40 000 **(1)**	**7**
6(b)(i)	Owners of the share capital of a limited liability company **(1)**	**1**
6(b)(ii)	The liability of shareholders for the debts of the company is limited to the amount they agree to pay for their shares **(1)**	**1**

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>6(c)(i)</td><td>
<table>
<tr><td>ordinary shares</td><td>preference shares</td></tr>
<tr><td>dividend rate varies</td><td>dividend is fixed percentage</td></tr>
<tr><td>rank after preference shares for dividend</td><td>rank before ordinary shares for dividend</td></tr>
<tr><td>rank after preference shares in a winding-up</td><td>rank before ordinary shares in a winding-up</td></tr>
<tr><td>can vote at the annual general meeting</td><td>cannot vote at the annual general meeting</td></tr>
</table>
Any one comparison (2)
</td><td>2</td></tr>
<tr><td>6(c)(ii)</td><td>Get a fixed return
Have priority over ordinary shares for the interest/dividend
Have priority over ordinary shareholders in a winding-up
Cannot vote at the annual general meeting
Or other suitable point
Any two points (1) each</td><td>2</td></tr>
<tr><td>6(d)</td><td>Proposal 1
Effect on profit – decrease of $3 000 (1)
Reason – debenture interest is an expense in the income statement/or deducted from operating profit (1)

Proposal 2
Effect on profit – no effect (1)
Reason – ordinary shares dividend is an appropriation of profit not an expense in the income statement (1)</td><td>4</td></tr>
<tr><td>6(e)</td><td>(42 000 + 34 000 + 36 000) : (35 000 + 30 000) (1) whole formula
= 112 000 : 65 000
=1.72 : 1 (1)</td><td>2</td></tr>
</table>

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

	effect on current ratio		
	increase	decrease	no effect
use the bank balance to repay the loan	✓**(1)**		
purchase non-current assets on credit		✓**(1)**	
sell half the inventory at cost price to cash customers			✓**(1)**
pay amount owed to trade payables by cheque	✓**(1)**		