



ACCOUNTING

0452/11

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.

Cambridge International is publishing the mark schemes for the October/November 2018 series for most Cambridge IGCSE™, Cambridge International A and AS Level components and some Cambridge O Level components.

This document consists of **20** printed pages.

PUBLISHED**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.

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

Question	Answer	Marks
1	<p>Glossary</p> <p>(c) A $20\% \times (23\,000 - 4\,600)$ B $20\% \times 23\,000$ C $(20\% \times 18\,400) + 4\,600$ D $(20\% \times 23\,000) + 4\,600$</p> <p>(d) A $CA_s - CL_s = (35 + 29) - (9 + 25)$ B $Net\ As - LTL_s = (121 + 35 + 29 - 9 - 25) - 70$ C $Total\ As - CL_s = (121 + 35 + 29) - (9 + 25)$ D $Total\ As = 121 + 35 + 29$</p> <p>(f) A $42\,150 - 2\,120 - 2\,840$ B $42\,150 + 2\,120 - 2\,840$ C $42\,150 + 2\,840 - 2\,120$ D $42\,150 + 2\,120 + 2\,840$</p> <p>(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 $(\frac{2}{3} \times 14\,700) + 9\,000 + 2\,100$</p>	

Question	Answer	Marks															
2(a)	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.	1															
2(b)	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 33%;">transaction</th> <th style="width: 33%;">account to be debited</th> <th style="width: 33%;">account to be credited</th> </tr> </thead> <tbody> <tr> <td>obtained loan from bank</td> <td>Bank/cash at bank (1)</td> <td>loan (1)</td> </tr> <tr> <td>purchased office fixtures by cheque</td> <td>office fixtures (1)</td> <td>Bank/cash at bank (1)</td> </tr> <tr> <td>sold computer for cash</td> <td>Cash/cash in hand (1)</td> <td>sales (1)</td> </tr> <tr> <td>took printer for personal use</td> <td>drawings (1)</td> <td>purchases (1)</td> </tr> </tbody> </table>	transaction	account to be debited	account to be credited	obtained loan from bank	Bank/cash at bank (1)	loan (1)	purchased office fixtures by cheque	office fixtures (1)	Bank/cash at bank (1)	sold computer for cash	Cash/cash in hand (1)	sales (1)	took printer for personal use	drawings (1)	purchases (1)	8
transaction	account to be debited	account to be credited															
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purchased office fixtures by cheque	office fixtures (1)	Bank/cash at bank (1)															
sold computer for cash	Cash/cash in hand (1)	sales (1)															
took printer for personal use	drawings (1)	purchases (1)															
2(c)	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	1															

Question	Answer	Marks																											
2(d)	<table border="1" data-bbox="730 229 1543 855"> <thead> <tr> <th></th> <th>debit column</th> <th>credit column</th> </tr> </thead> <tbody> <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> </tbody> </table> <p>Each two correct items (1)</p>		debit column	credit column	capital		✓	drawings	✓		provision for depreciation		✓	carriage inwards	✓		carriage outwards	✓		rent received		✓	stationery	✓		sales returns	✓		4
	debit column	credit column																											
capital		✓																											
drawings	✓																												
provision for depreciation		✓																											
carriage inwards	✓																												
carriage outwards	✓																												
rent received		✓																											
stationery	✓																												
sales returns	✓																												
2(e)	<p>Error of commission Any suitable example such as crediting X instead of Y, debiting rent instead of rates (1)</p> <p>Error of omission Any suitable example of transaction completely omitted from books, for example, payment of insurance completely missed out (1)</p> <p>Compensating errors Any suitable example such as overcasting sales by \$100 and overcasting purchases by \$100 (1)</p>	3																											
2(f)	<p>Capital expenditure (1) Revenue expenditure (1)</p>	2																											

Question	Answer			Marks
2(g)		Income Statement	Statement of Financial Position	4
	purchase of motor vehicle		✓(1)	
	charge for delivering motor vehicle		✓(1)	
	insurance for motor vehicle	✓(1)		
	fuel for motor vehicle	✓(1)		

Question	Answer										Marks
3(a)	Lefika										12
	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	
	<p>+ (1) dates need all dates but do not have to bring balances down</p> <p>+ (1) totalling discount columns</p> <p>Do not award non current asset for sale of non current asset in lieu of disposal</p> <p>Need correct label and amount(s) for 1 mark</p> <p>Must have bal c/d amount to gain bal b/d mark</p>										

Question	Answer	Marks																																																						
3(b)	<p style="text-align: center;">Lefika Bank Reconciliation Statement at 31 August 2018</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 40%;"></td> <td style="width: 10%; text-align: right;">\$</td> <td style="width: 10%;"></td> <td style="width: 10%; text-align: right;">\$</td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> </tr> <tr> <td>Balance shown on bank statement</td> <td></td> <td></td> <td style="text-align: right;">(812)</td> <td></td> <td style="text-align: right;">(1)</td> </tr> <tr> <td>Add Amounts not credited –</td> <td>Sales</td> <td style="text-align: right;">153</td> <td></td> <td></td> <td style="text-align: right;">(1)</td> </tr> <tr> <td></td> <td>Cash</td> <td style="text-align: right;">150</td> <td></td> <td></td> <td style="text-align: right;">(1)OF</td> </tr> <tr> <td>Cheque not credited –</td> <td>Nyack</td> <td style="text-align: right;"><u>282</u></td> <td></td> <td></td> <td style="text-align: right;">(1)OF</td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td style="text-align: right;"><u>585</u></td> <td></td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td style="text-align: right;">(227)</td> <td></td> </tr> <tr> <td>Less cheques not yet presented –</td> <td>Tebago</td> <td></td> <td></td> <td style="text-align: right;">(273)</td> <td style="text-align: right;">(1)OF</td> </tr> <tr> <td>Balance shown in cash book</td> <td></td> <td></td> <td></td> <td style="text-align: right;"><u>(500)</u></td> <td style="text-align: right;">(1)OF</td> </tr> </table>		\$		\$			Balance shown on bank statement			(812)		(1)	Add Amounts not credited –	Sales	153			(1)		Cash	150			(1)OF	Cheque not credited –	Nyack	<u>282</u>			(1)OF					<u>585</u>						(227)		Less cheques not yet presented –	Tebago			(273)	(1)OF	Balance shown in cash book				<u>(500)</u>	(1)OF	6
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3(c)	<p>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)</p>	1																																								
3(d)	<p>(i) sales/trade receivables ledger (1) (ii) nominal (general) ledger (1) (iii) nominal (general) ledger (1) (iv) purchases/trade payables ledger (1)</p>	4																																								

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4(a)	Ava Bad debts recovered account						14																																			
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4(a)	<p>Discount allowed account</p> <table border="1" style="width: 100%; border-collapse: collapse; margin-bottom: 20px;"> <thead> <tr> <th style="width: 15%;">Date</th> <th style="width: 35%;">Details</th> <th style="width: 10%;">\$</th> <th style="width: 15%;">Date</th> <th style="width: 35%;">Details</th> <th style="width: 10%;">\$</th> </tr> </thead> <tbody> <tr> <td colspan="6" style="text-align: center;">2018</td> </tr> <tr> <td>July 1</td> <td>Total to date</td> <td style="text-align: right;">1 495</td> <td>July 31</td> <td>Income statement (1)</td> <td style="text-align: right;">1639</td> </tr> <tr> <td>31</td> <td>Total for month (1)</td> <td style="text-align: right;">144</td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td></td> <td style="text-align: right; border-top: 1px solid black;"><u>1639</u></td> <td></td> <td></td> <td style="text-align: right; border-top: 1px solid black;"><u>1639</u></td> </tr> </tbody> </table> <p style="text-align: center;">Provision for depreciation of office equipment account</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 15%;">Date</th> <th style="width: 35%;">Details</th> <th style="width: 10%;">\$</th> <th style="width: 15%;">Date</th> <th style="width: 35%;">Details</th> <th style="width: 10%;">\$</th> </tr> </thead> <tbody> <tr> <td colspan="6" style="text-align: center;">2018</td> </tr> <tr> <td>July 31</td> <td>Balance c/d</td> <td style="text-align: right;">12 800</td> <td colspan="3" style="text-align: center;">2017</td> </tr> <tr> <td></td> <td></td> <td></td> <td>Aug 1</td> <td>Balance b/d</td> <td style="text-align: right;">9 600</td> </tr> <tr> <td></td> <td></td> <td></td> <td colspan="3" style="text-align: center;">2018</td> </tr> <tr> <td></td> <td></td> <td></td> <td>July 31</td> <td>Income statement (1)</td> <td style="text-align: right;">(1) 3 200</td> </tr> <tr> <td></td> <td></td> <td style="text-align: right; border-top: 1px solid black;"><u>12 800</u></td> <td></td> <td></td> <td style="text-align: right; border-top: 1px solid black;"><u>12 800</u></td> </tr> <tr> <td colspan="6" style="text-align: center;">2018</td> </tr> <tr> <td>Aug 1</td> <td>Balance b/d (1)OF</td> <td></td> <td></td> <td></td> <td style="text-align: right;">12 800</td> </tr> </tbody> </table> <p>+ (1) dates need dates on all entries but can still have if no bal b/d</p>	Date	Details	\$	Date	Details	\$	2018						July 1	Total to date	1 495	July 31	Income statement (1)	1639	31	Total for month (1)	144						<u>1639</u>			<u>1639</u>	Date	Details	\$	Date	Details	\$	2018						July 31	Balance c/d	12 800	2017						Aug 1	Balance b/d	9 600				2018						July 31	Income statement (1)	(1) 3 200			<u>12 800</u>			<u>12 800</u>	2018						Aug 1	Balance b/d (1)OF				12 800	
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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)	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">Calculation of sales</td> <td style="text-align: right;">\$</td> <td></td> </tr> <tr> <td>Cheques received from trade receivables</td> <td style="text-align: right;">47 970</td> <td style="text-align: right;">(1)</td> </tr> <tr> <td>Discount allowed</td> <td style="text-align: right;">1 230</td> <td style="text-align: right;">(1)</td> </tr> <tr> <td>Bad debts written off</td> <td style="text-align: right;">115</td> <td style="text-align: right;">(1)</td> </tr> <tr> <td>Trade receivables at 30 September 2018</td> <td style="text-align: right;"><u>3 305</u></td> <td style="text-align: right;">(1)</td> </tr> <tr> <td></td> <td style="text-align: right;">52 620</td> <td></td> </tr> <tr> <td>Less Trade receivables at 1 October 2017</td> <td style="text-align: right;"><u>4 620</u></td> <td style="text-align: right;">(1)</td> </tr> <tr> <td>Sales</td> <td style="text-align: right;"><u>48 000</u></td> <td style="text-align: right;">(1)</td> </tr> </table>	Calculation of sales	\$		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	<u>3 305</u>	(1)		52 620		Less Trade receivables at 1 October 2017	<u>4 620</u>	(1)	Sales	<u>48 000</u>	(1)	6
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5(a)	<p>Alternative presentation</p> <p style="text-align: center;">Total trade receivables account</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: center;">Date</th> <th style="text-align: center;">Details</th> <th style="text-align: center;">\$</th> <th style="text-align: center;">Date</th> <th style="text-align: center;">Details</th> <th style="text-align: center;">\$</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">2017</td> <td></td> <td></td> <td style="text-align: center;">2018</td> <td></td> <td></td> </tr> <tr> <td style="text-align: center;">Oct 1</td> <td style="text-align: right;">Balance b/d</td> <td style="text-align: right;">(1) 4 620</td> <td style="text-align: center;">Sept 30</td> <td style="text-align: right;">Bank</td> <td style="text-align: right;">(1) 47 970</td> </tr> <tr> <td style="text-align: center;">2018</td> <td></td> <td></td> <td></td> <td style="text-align: right;">Discount allowed</td> <td style="text-align: right;">(1) 1 230</td> </tr> <tr> <td style="text-align: center;">Sept 30</td> <td style="text-align: right;">Sales</td> <td style="text-align: right;">(1)OF 48 000</td> <td></td> <td style="text-align: right;">Bad debts</td> <td style="text-align: right;">(1) 115</td> </tr> <tr> <td></td> <td></td> <td style="text-align: right; border-top: 1px solid black;">52 620</td> <td></td> <td style="text-align: right;">Balance c/d</td> <td style="text-align: right;">(1) 3 305</td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> <td style="text-align: right; border-top: 1px solid black; border-bottom: 3px double black;">52 620</td> </tr> </tbody> </table> <p>No aliens allowed for OF sales</p>	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			52 620		Balance c/d	(1) 3 305						52 620	
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5(b)	<p style="text-align: center;">Khalid</p> <p style="text-align: center;">Income Statement (Trading Account section) for the year ended 30 September 2018</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td></td> <td style="text-align: center;">\$</td> <td style="text-align: center;">\$</td> <td style="text-align: center;">\$</td> <td></td> </tr> <tr> <td style="padding-left: 40px;">Revenue</td> <td></td> <td></td> <td style="text-align: right;">48 000</td> <td style="text-align: right;">(1)OF</td> </tr> <tr> <td style="padding-left: 40px;">Cost of sales</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td style="padding-left: 80px;">Opening inventory</td> <td></td> <td style="text-align: right;">3 100</td> <td></td> <td style="text-align: right;">(1)</td> </tr> <tr> <td style="padding-left: 80px;">Purchases</td> <td></td> <td style="text-align: right;">39 200</td> <td></td> <td style="text-align: right;">(1)</td> </tr> <tr> <td></td> <td></td> <td style="text-align: right; border-top: 1px solid black;">42 300</td> <td></td> <td></td> </tr> <tr> <td style="padding-left: 40px;">Closing inventory on premises</td> <td style="text-align: right;">1 500</td> <td></td> <td></td> <td style="text-align: right;">(1)</td> </tr> <tr> <td style="padding-left: 80px;">destroyed</td> <td style="text-align: right;"><u>2 400</u></td> <td style="text-align: right;">(1)OF</td> <td style="text-align: right;"><u>3 900</u></td> <td></td> </tr> <tr> <td style="padding-left: 40px;">Gross profit</td> <td></td> <td></td> <td style="text-align: right; border-top: 1px solid black; border-bottom: 3px double black;">9 600</td> <td style="text-align: right;">(1)OF</td> </tr> </table>		\$	\$	\$		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	<u>2 400</u>	(1)OF	<u>3 900</u>		Gross profit			9 600	(1)OF	7
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5(c)(i)	$\frac{38\,400 \text{ OF}}{(3\,100 + 3\,900) \text{ OF} \div 2} = \frac{38\,400 \text{ OF}(1) \text{ whole formula}}{3\,500 \text{ OF}} = 10.97 \text{ times (1) OF}$	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)		debit entry	credit entry	5
	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)	<p style="text-align: center;">FW Limited Extract from Statement of Financial Position at 30 September 2018</p> <p style="text-align: center;">\$</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">Equity and reserves</td> <td style="width: 20%;"></td> <td style="width: 20%;"></td> </tr> <tr> <td>Ordinary share capital (100 000 + 50 000)</td> <td style="text-align: right;">150 000</td> <td style="text-align: right;">(1)</td> </tr> <tr> <td>General reserve (15 000 + 5 000)</td> <td style="text-align: right;">20 000</td> <td style="text-align: right;">(1)</td> </tr> <tr> <td>Retained earnings (7 000 + 28 000 (1) – 5 000 (1) – 9 000 (1))</td> <td style="text-align: right;"><u>21 000</u></td> <td></td> </tr> <tr> <td></td> <td style="text-align: right;"><u>191 000</u></td> <td style="text-align: right;">(1)</td> </tr> <tr> <td>Non-current liabilities</td> <td></td> <td></td> </tr> <tr> <td>5% Debentures (repayable 2024)</td> <td style="text-align: right;"><u>40 000</u></td> <td style="text-align: right;">(1)</td> </tr> </table>		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))	<u>21 000</u>			<u>191 000</u>	(1)	Non-current liabilities			5% Debentures (repayable 2024)	<u>40 000</u>	(1)	7
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5% Debentures (repayable 2024)	<u>40 000</u>	(1)																						
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																					

Question	Answer	Marks										
6(c)(i)	<table border="1" data-bbox="618 229 1657 660"> <thead> <tr> <th data-bbox="618 229 1137 293">ordinary shares</th> <th data-bbox="1137 229 1657 293">preference shares</th> </tr> </thead> <tbody> <tr> <td data-bbox="618 293 1137 357">dividend rate varies</td> <td data-bbox="1137 293 1657 357">dividend is fixed percentage</td> </tr> <tr> <td data-bbox="618 357 1137 459">rank after preference shares for dividend</td> <td data-bbox="1137 357 1657 459">rank before ordinary shares for dividend</td> </tr> <tr> <td data-bbox="618 459 1137 561">rank after preference shares in a winding-up</td> <td data-bbox="1137 459 1657 561">rank before ordinary shares in a winding-up</td> </tr> <tr> <td data-bbox="618 561 1137 660">can vote at the annual general meeting</td> <td data-bbox="1137 561 1657 660">cannot vote at the annual general meeting</td> </tr> </tbody> </table> <p data-bbox="338 695 674 727">Any one comparison (2)</p>	ordinary shares	preference shares	dividend rate varies	dividend is fixed percentage	rank after preference shares for dividend	rank before ordinary shares for dividend	rank after preference shares in a winding-up	rank before ordinary shares in a winding-up	can vote at the annual general meeting	cannot vote at the annual general meeting	2
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rank after preference shares in a winding-up	rank before ordinary shares in a winding-up											
can vote at the annual general meeting	cannot vote at the annual general meeting											
6(c)(ii)	<p data-bbox="338 762 1093 895">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</p> <p data-bbox="338 898 674 963">Or other suitable point Any two points (1) each</p>	2										
6(d)	<p data-bbox="338 999 1697 1098">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)</p> <p data-bbox="338 1134 1720 1233">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)</p>	4										
6(e)	<p data-bbox="338 1270 1173 1369">$(42\,000 + 34\,000 + 36\,000) : (35\,000 + 30\,000)$ (1) whole formula $= 112\,000 : 65\,000$ $= 1.72 : 1$ (1)</p>	2										

Question	Answer			Marks	
6(f)		effect on current ratio		4	
		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)				



ACCOUNTING

0452/21

Paper 2

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.

Cambridge International is publishing the mark schemes for the October/November 2018 series for most Cambridge IGCSE™, Cambridge International A and AS Level components and some Cambridge O Level components.

This document consists of **17** printed pages.

PUBLISHED**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.

Question	Answer	Marks						
1(a)(i)	To notify Thato of an overcharge/faulty goods To notify Thato of goods being returned To request that Thato reduce the amount of the invoice/request credit note Any 1 purpose (1)	1						
1(a)(ii)	<table border="1" style="margin-left: auto; margin-right: auto;"> <tr> <td style="padding: 5px;">credit Abebe account</td> <td style="padding: 5px;">debit Abebe account</td> <td style="padding: 5px;">no entry</td> </tr> <tr> <td style="padding: 5px;"></td> <td style="padding: 5px;"></td> <td style="padding: 5px;">✓(1)</td> </tr> </table>	credit Abebe account	debit Abebe account	no entry			✓(1)	1
credit Abebe account	debit Abebe account	no entry						
		✓(1)						
1(b)(i)	To inform Abebe of the amount due To provide a summary of the transactions for the month/period To allow Abebe to check his records Any 1 purpose (1)	1						
1(b)(ii)	The statement is a summary of the transactions which have already been recorded in the accounting records	1						
1(c)(i)	Thato purchased in large quantities/to encourage Thato to purchase in large quantities Thato is a loyal customer/encourage repeat business Thato is in the same trade Any 1 reason (1)	1						
1(c)(ii)	To encourage Thato to pay promptly / within the credit period allowed / within 30 days	1						
1(c)(iii)	$\$5000 - (2\frac{1}{2}\% \times 5000) = 5000 - 125 = 4875$ (1)	1						
1(c)(iv)	Purchases ledger	1						

Question	Answer	Marks																																			
1(d)	<p>Thato Purchases journal</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 10%;">Date</th> <th style="width: 45%;">Details</th> <th style="width: 10%;">\$</th> <th style="width: 10%;">\$</th> <th style="width: 15%;"></th> </tr> </thead> <tbody> <tr> <td>2018 Aug 4</td> <td>Nyack Goods Less Trade discount</td> <td style="text-align: right;">6 250 1 250</td> <td style="text-align: right;">5 000</td> <td style="text-align: center;">(1)</td> </tr> <tr> <td>9</td> <td>Gaby Goods Less Trade discount</td> <td style="text-align: right;">2 600 520</td> <td style="text-align: right;">2 080</td> <td style="text-align: center;">(1)</td> </tr> <tr> <td>31</td> <td>Transfer to purchases account</td> <td></td> <td style="text-align: right;">7 080</td> <td style="text-align: center;">(1) OF</td> </tr> </tbody> </table> <p style="text-align: center;">Purchases returns journal</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 10%;">Date</th> <th style="width: 45%;">Details</th> <th style="width: 10%;">\$</th> <th style="width: 10%;">\$</th> <th style="width: 15%;"></th> </tr> </thead> <tbody> <tr> <td>2018 Aug 13</td> <td>Gaby Goods Less Trade discount</td> <td style="text-align: right;">100 20</td> <td style="text-align: right;">80</td> <td style="text-align: center;">(1)</td> </tr> <tr> <td>31</td> <td>Transfer to purchases returns account</td> <td></td> <td style="text-align: right;">80</td> <td style="text-align: center;">(1) OF</td> </tr> </tbody> </table>	Date	Details	\$	\$		2018 Aug 4	Nyack Goods Less Trade discount	6 250 1 250	5 000	(1)	9	Gaby Goods Less Trade discount	2 600 520	2 080	(1)	31	Transfer to purchases account		7 080	(1) OF	Date	Details	\$	\$		2018 Aug 13	Gaby Goods Less Trade discount	100 20	80	(1)	31	Transfer to purchases returns account		80	(1) OF	5
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1(f)	Business entity (1) Money measurement (1) Realisation (1)	3																																																																		

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2(a)	Reduces the number of entries in the main cash book Reduces the small cash payments in the main cash book Reduces the number of entries in the ledger Allows the chief cashier to delegate some of the work Provides training for junior members of staff Or other suitable advantage Any 1 advantage (1)	1																		
2(b)	<p style="text-align: center;">Sara Cleaning account</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>Date</th> <th>Details</th> <th>\$</th> <th>Date</th> <th>Details</th> <th>\$</th> </tr> </thead> <tbody> <tr> <td>2018</td> <td></td> <td></td> <td>2018</td> <td></td> <td></td> </tr> <tr> <td>Jul 31</td> <td>Petty cash (1)</td> <td>55</td> <td>Jul 31</td> <td>Petty cash (1)</td> <td>5</td> </tr> </tbody> </table>	Date	Details	\$	Date	Details	\$	2018			2018			Jul 31	Petty cash (1)	55	Jul 31	Petty cash (1)	5	2
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	\$		\$																	
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Question	Answer						Marks
2(e)	Sara Commission receivable account						4
	Date	Details	\$	Date	Details	\$	
	2017			2017			
	Aug 1	Balance b/d	190	Aug 3	Bank }	190	
	2018			2018	}(1)		
	Jul 31	Income statement (1)OF	420	Feb 1	Bank }	200	
			610	Jul 31	Balance c/d	220	
			610			610	
	2018						
	Aug 1	Balance b/d (1)	220				
	+ (1) Dates						

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2(h)	<p>Comparability (1) Relevance (1) Understandability (1)</p>						3																																																																		

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3(a)	<p style="text-align: center;">Sadia Income Statement for the year ended 30 September 2018</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;"></td> <td style="width: 10%; text-align: right;">\$</td> <td style="width: 10%;"></td> <td style="width: 10%; text-align: right;">\$</td> <td style="width: 10%;"></td> </tr> <tr> <td>Fees from clients (42 100 – 2880(1) + 3120(1))</td> <td></td> <td></td> <td style="text-align: right;">42 340</td> <td></td> </tr> <tr> <td>Wages (29 800 – 3500(1))</td> <td style="text-align: right;">26 300</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Advertising (3150 – 630(1))</td> <td style="text-align: right;">2 520</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Rent (1200 + 190(1) – 200(1))</td> <td style="text-align: right;">1 190</td> <td></td> <td></td> <td></td> </tr> <tr> <td>General expenses</td> <td style="text-align: right;">1 775</td> <td style="text-align: right;">(1)</td> <td></td> <td></td> </tr> <tr> <td>Provision for doubtful debts ((5% × 3120(1)) – 144(1))</td> <td style="text-align: right;">12</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Depreciation</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Office equipment ((26 000 – 9360)(1) × 20%(1))</td> <td style="text-align: right;">3 328</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Office furniture (11 100 + 1450 – 11 400)</td> <td style="text-align: right;">1 150</td> <td style="text-align: right;">(1)</td> <td style="text-align: right; border-top: 1px solid black;">36 275</td> <td></td> </tr> <tr> <td>Profit for the year</td> <td></td> <td></td> <td style="text-align: right; border-top: 1px solid black; border-bottom: 3px double black;">6 065</td> <td style="text-align: right;">(1) OF</td> </tr> </table>		\$		\$		Fees from clients (42 100 – 2880(1) + 3120(1))			42 340		Wages (29 800 – 3500(1))	26 300				Advertising (3150 – 630(1))	2 520				Rent (1200 + 190(1) – 200(1))	1 190				General expenses	1 775	(1)			Provision for doubtful debts ((5% × 3120(1)) – 144(1))	12				Depreciation					Office equipment ((26 000 – 9360)(1) × 20%(1))	3 328				Office furniture (11 100 + 1450 – 11 400)	1 150	(1)	36 275		Profit for the year			6 065	(1) OF	13
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3(b)	Revenue Purchases Inventory (opening/closing) Returns (sales/purchases) Carriage inwards Carriage outwards Or other suitable item Any 3 items (1) each	3																																																							
3(c)	Assess prospects of any requested loan/overdraft being repaid when due Assess prospects of any interest on loan/overdraft being paid when due Assess security available to cover any loan/overdraft Or other acceptable reason Any 2 reasons (1) each	2																																																							

Question	Answer	Marks
3(d)	Competitors Employees Government Lenders/potential lenders Manager Potential buyers of the business/investors Potential partners Trade receivables/clients/customers Trade payables/suppliers Owner/Sadia Or other acceptable interested party Any two interested parties (1) each	2

Question	Answer	Marks
4(a)	To ensure that the trial balance totals agree To allow draft financial statements to be prepared To assist in the correction of errors To assist in ensuring errors are discovered Any 2 reasons (1) each	2

Question	Answer	Marks																																																							
4(b)	<p style="text-align: center;">Rizwan Journal</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 5%;"></th> <th style="width: 60%;">Details</th> <th style="width: 10%;">\$</th> <th style="width: 10%;">\$</th> <th style="width: 15%;"></th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">1</td> <td>Suspense</td> <td style="text-align: right;">1120</td> <td></td> <td style="text-align: right;">(1)</td> </tr> <tr> <td></td> <td>Rent receivable</td> <td></td> <td style="text-align: right;">560</td> <td style="text-align: right;">(1)</td> </tr> <tr> <td></td> <td>Rent payable</td> <td></td> <td style="text-align: right;">560</td> <td style="text-align: right;">(1)</td> </tr> <tr> <td></td> <td>Correction of error, rent receivable treated as rent payable</td> <td></td> <td></td> <td style="text-align: right;">(1)</td> </tr> <tr> <td style="text-align: center;">2</td> <td>Office equipment</td> <td style="text-align: right;">890</td> <td></td> <td style="text-align: right;">(1)</td> </tr> <tr> <td></td> <td>Purchases</td> <td></td> <td style="text-align: right;">890</td> <td style="text-align: right;">(1)</td> </tr> <tr> <td></td> <td>Correction of error, office equipment treated as purchases</td> <td></td> <td></td> <td style="text-align: right;">(1)</td> </tr> <tr> <td style="text-align: center;">3</td> <td>(No entry)</td> <td style="text-align: center;">–</td> <td></td> <td style="text-align: right;">(1)</td> </tr> <tr> <td></td> <td>Suspense</td> <td></td> <td style="text-align: right;">21</td> <td style="text-align: right;">(1)</td> </tr> <tr> <td></td> <td>Correction of error, petty cash omitted from trial balance</td> <td></td> <td></td> <td style="text-align: right;">(1)</td> </tr> </tbody> </table>		Details	\$	\$		1	Suspense	1120		(1)		Rent receivable		560	(1)		Rent payable		560	(1)		Correction of error, rent receivable treated as rent payable			(1)	2	Office equipment	890		(1)		Purchases		890	(1)		Correction of error, office equipment treated as purchases			(1)	3	(No entry)	–		(1)		Suspense		21	(1)		Correction of error, petty cash omitted from trial balance			(1)	10
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4(c)	<p>Higher mark-up Lower cost price of goods Higher selling price of goods Lower rate of trade discount allowed to customers Higher rate of trade discount received from suppliers Different mix of goods Or other suitable reason Any 2 reasons (1) each</p>	2																																																							
4(d)	<p>Year ended 30 September 2017 (1)</p> <p>Reason The business was run less efficiently in 2018 The percentage of expenses to revenue was greater in 2018 Any 1 comment (1)</p>	2																																																							

Question	Answer	Marks
4(e)	Reduce expenses/control expenses better Obtain more other income Change the type of expenses Or other suitable ways Any 2 ways (1) each	2
4(f)	Increase in profit Reduction in capital/increase in drawings Reduction in long term loans Any 2 reasons (1) each	2

Question	Answer	Marks
5(a)	Easier to see amount invested by each partner Easier to calculate interest on capital Easier to see the profit retained by each partner Easier to see if a partner is making excessive drawings Any 2 advantages (1) each	2

Question	Answer								Marks
5(b)	Mark and Ella Current accounts								7
	Date	Detail	Mark \$	Ella \$	Date	Detail	Mark \$	Ella \$	
	2017 Sept 1	Balance b/d	1 800		2017 Sept 1	Balance b/d		2 000	
	2018 Aug 31	Drawings (1) Interest on drawings (1) Balance c/d	12 000 960	16 000 1 280 11 640	2018 Aug 31	Interest on capital (1) Salary (1) Profit share (1) Balance c/d	6 000 7 920 840	4 000 15 000 7 920	
			14 760	28 920			14 760	28 920	
	2018 Sept 1	Balance b/d (1)OF	840		2018 Sept 1	Balance b/d (1)OF		11 640	

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Capital accounts	120 000	80 000	200 000 (1)																																																																																															
Current accounts	(840)	11 640	10 800 (1) OF																																																																																															
			210 800																																																																																															
Current liabilities																																																																																																		
Trade payables			19 240																																																																																															
Bank overdraft			5 590																																																																																															
			<u>24 830 (1)</u>																																																																																															
Total capital and liabilities			<u>235 630</u>																																																																																															

Question	Answer	Marks
5(d)	Ella has higher drawings so higher interest/Mark has lower drawings so lower interest Present agreement may discourage Ella from taking excessive drawings Not charging interest on drawings will reduce Mark's share of the profits Or other suitable comments Any 2 comments (1) each	2
5(e)	What profit share he would get Whether interest on capital is allowed/interest on drawings is charged Whether he would get a partnership salary Comparison of present income with possible income if a partner Whether capital would have to be invested Responsibilities compared to those he now has Will be responsible for the debts of the business The capital employed/value of the business Profitability of the business Prospects for the future Or other suitable considerations Any 2 considerations (1) each	2

Question	Answer	Marks
6(a)	Total of the direct materials, direct labour and direct expenses	1
6(b)	Indirect factory wages, factory rent, factory insurance, depreciation of factory machinery, repair of factory machinery, etc. Any 2 factory overheads (1) each	2
6(c)	$36\,500 \times 20\% = 7300$ (1)	1

Question	Answer	Marks																											
6(d)	Long term loan Mortgage Admit a partner Form a limited company Government grant Or other suitable source of finance Any 2 sources (1) each	2																											
6(e)	<table style="width: 100%; border-collapse: collapse;"> <tr> <td></td> <td style="text-align: center;">\$</td> <td></td> </tr> <tr> <td>Prime cost 30 000 + 20%</td> <td style="text-align: right;">36 000</td> <td style="text-align: right;">(1)</td> </tr> <tr> <td>Factory overheads 6500 + 1500</td> <td style="text-align: right;">8 000</td> <td style="text-align: right;">(1)</td> </tr> <tr> <td>Cost of production</td> <td style="text-align: right; border-top: 1px solid black;">44 000</td> <td style="text-align: right; border-top: 1px solid black;">(1) OF</td> </tr> <tr> <td colspan="3">Alternative calculation</td> </tr> <tr> <td>Present cost of production</td> <td style="text-align: right;">36 500</td> <td style="text-align: right;">(1)</td> </tr> <tr> <td>Increase in prime cost 30 000 x 20%</td> <td style="text-align: right;">6 000</td> <td style="text-align: right;">}(1)</td> </tr> <tr> <td>Increase in factory overheads</td> <td style="text-align: right; border-top: 1px solid black;">1 500</td> <td style="text-align: right; border-top: 1px solid black;">}</td> </tr> <tr> <td>Cost of production</td> <td style="text-align: right; border-top: 1px solid black;">44 000</td> <td style="text-align: right; border-top: 1px solid black;">(1) OF</td> </tr> </table> <p>Gross profit 44 000 × 18% = <u>7 920</u> (1) OF</p>		\$		Prime cost 30 000 + 20%	36 000	(1)	Factory overheads 6500 + 1500	8 000	(1)	Cost of production	44 000	(1) OF	Alternative calculation			Present cost of production	36 500	(1)	Increase in prime cost 30 000 x 20%	6 000	}(1)	Increase in factory overheads	1 500	}	Cost of production	44 000	(1) OF	4
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6(f)	Gross profit increases by only \$620 OF May not be worthwhile if the gross profit only increases by this amount Interest may have to be paid on any money borrowed May not be able to obtain the necessary finance The figures provided are only estimates Costs of materials and labour may increase by more than estimated Customers may demand further price reductions May not be able to sell additional output Or other relevant disadvantages Any 4 disadvantages (1) each	4																											