Cambridge Assessment International Education
Cambridge International General Certificate of Secondary Education

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.

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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.

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1(a)(i)</td><td>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)</td><td>1</td></tr>
<tr><td>1(a)(ii)</td><td><table><tr><th>credit Abebe account</th><th>debit Abebe account</th><th>no entry</th></tr><tr><td></td><td></td><td>✓(1)</td></tr></table></td><td>1</td></tr>
<tr><td>1(b)(i)</td><td>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)</td><td>1</td></tr>
<tr><td>1(b)(ii)</td><td>The statement is a summary of the transactions which have already been recorded in the accounting records</td><td>1</td></tr>
<tr><td>1(c)(i)</td><td>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)</td><td>1</td></tr>
<tr><td>1(c)(ii)</td><td>To encourage Thato to pay promptly / within the credit period allowed / within 30 days</td><td>1</td></tr>
<tr><td>1(c)(iii)</td><td>$5000 – (2½% · 5000) = 5000 – 125 = 4875 (1)</td><td>1</td></tr>
<tr><td>1(c)(iv)</td><td>Purchases ledger</td><td>1</td></tr>
</table>

Question	Answer	Marks
1(d)	Thato Purchases journal	5

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**

Purchases returns journal

Date	Details	$	$	
2018 Aug 13	Gaby Goods Less Trade discount	 100 20	80	**(1)**
31	Transfer to purchases returns account		80	**(1) OF**

Question	Answer	Marks
1(e)	Thato Purchases account Date | Details | $ | Date | Details | $ 2018 Aug 31 | Purchases for month **(1) OF** | 7 080 Purchases returns account Date | Details | $ | Date | Details | $ 2018 Aug 31 | Returns for month **(1) OF** | 80 Gaby account Date | Details | $ | Date | Details | $ 2018 | | | 2018 Aug 13 | Purchases returns **(1) OF** | 80 | Aug 9 | Purchases **(1)OF** | 2 080 30 | Bank **(1) OF** | 1 960 | Discount **(1) OF** | 40	**6**
1(f)	Business entity **(1)** Money measurement **(1)** Realisation **(1)**	**3**

Thato – Purchases account

Date	Details	$	Date	Details	$
2018					
Aug 31	Purchases for month **(1) OF**	7 080			

Purchases returns account

Date	Details	$	Date	Details	$
			2018		
			Aug 31	Returns for month **(1) OF**	80

Gaby account

Date	Details	$	Date	Details	$
2018			2018		
Aug 13	Purchases returns **(1) OF**	80	Aug 9	Purchases **(1)OF**	2 080
30	Bank **(1) OF**	1 960			
	Discount **(1) OF**	40			

Question	Answer	Marks
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)	Sara Cleaning account <table><tr><td>Date</td><td>Details</td><td>$</td><td>Date</td><td>Details</td><td>$</td></tr><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></table>	**2**
2(c)	Sabeena account **(1)** Debit **(1)**	**2**
2(d)	<table><tr><td colspan="2">debit</td><td colspan="2">credit</td></tr><tr><td></td><td>$</td><td></td><td>$</td></tr><tr><td>petty cash **(1)**</td><td>104*</td><td>cash/bank **(1)**</td><td>104*</td></tr></table> ***(1) for 2 matching correct figures**	**3**

Question	Answer	Marks
2(e)	Sara Commission receivable account (see table below) **+ (1) Dates**	**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
			Jul 31	Balance c/d	220
		610			610
2018					
Aug 1	Balance b/d **(1)**	220			

Question	Answer	Marks
2(f)	Sara Rates and insurance account (see ledger account below) **+ (1) Dates**	**8**
2(g)	Financial information is reliable only if it can be depended on to represent actual events if it is free from error if it free from bias **Any 2 comments (1) each**	**2**
2(h)	Comparability **(1)** Relevance **(1)** Understandability **(1)**	**3**

Sara
Rates and insurance account

Date	Details	$	Date	Details	$
2017			*2017*		
Aug 1	*Balance (insurance) b/d*	*570*	*Aug 1*	*Balance (rates) b/d*	800
2017			2018		
Sept 1	Bank (rates) **(1)**	5 200	Jul 31	Drawings **(1)**	1 000
Nov 1	Bank (ins.) **(1)**	3 400		Income statement **(1)**	
2018 Jul 31	Balance c/d	400		Rates 4800 Ins <u>2370</u>	
				(1)OF	7 170
				Balance c/d	600
		9 570			9 570
2018			2018		
Aug 1	Balance (ins.) b/d **(1)**	600	Aug 1	Balance (rates) b/d **(1)**	400

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>3(a)</td><td>
Sadia
Income Statement for the year ended 30 September 2018
<table>
<tr><td></td><td>$</td><td></td><td>$</td><td></td></tr>
<tr><td>Fees from clients (42 100 – 2880(1) + 3120(1))</td><td></td><td></td><td>42 340</td><td></td></tr>
<tr><td>Wages (29 800 – 3500(1))</td><td>26 300</td><td></td><td></td><td></td></tr>
<tr><td>Advertising (3150 – 630(1))</td><td>2 520</td><td></td><td></td><td></td></tr>
<tr><td>Rent (1200 + 190(1) – 200(1))</td><td>1 190</td><td></td><td></td><td></td></tr>
<tr><td>General expenses</td><td>1 775</td><td>(1)</td><td></td><td></td></tr>
<tr><td>Provision for doubtful debts ((5% · 3120(1)) – 144(1))</td><td>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>3 328</td><td></td><td></td><td></td></tr>
<tr><td>Office furniture (11 100 + 1450 – 11 400)</td><td>1 150</td><td>(1)</td><td>36 275</td><td></td></tr>
<tr><td>Profit for the year</td><td></td><td></td><td>6 065</td><td>(1) OF</td></tr>
</table>
</td><td>13</td></tr>
<tr><td>3(b)</td><td>Revenue
Purchases
Inventory (opening/closing)
Returns (sales/purchases)
Carriage inwards
Carriage outwards
Or other suitable item
Any 3 items (1) each</td><td>3</td></tr>
<tr><td>3(c)</td><td>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</td><td>2</td></tr>
</table>

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)	Rizwan Journal <table><tr><td></td><td>Details</td><td>$</td><td>$</td><td></td></tr><tr><td>**1**</td><td>Suspense Rent receivable Rent payable Correction of error, rent receivable treated as rent payable</td><td>1120</td><td> 560 560</td><td>**(1)** **(1)** **(1)** **(1)**</td></tr><tr><td>**2**</td><td>Office equipment Purchases Correction of error, office equipment treated as purchases</td><td>890</td><td> 890</td><td>**(1)** **(1)** **(1)**</td></tr><tr><td>**3**</td><td>(No entry) Suspense Correction of error, petty cash omitted from trial balance</td><td>–</td><td> 21</td><td>**(1)** **(1)** **(1)**</td></tr></table>	**10**
4(c)	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**	**2**
4(d)	Year ended 30 September 2017 **(1)** Reason The business was run less efficiently in 2018 The percentage of expenses to revenue was greater in 2018 **Any 1 comment (1)**	**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				*2017*			
Sept 1	*Balance b/d*	*1 800*		*Sept 1*	*Balance b/d*		*2 000*
2018				2018			
Aug 31	Drawings **(1)**	12 000	16 000	Aug 31	Interest on capital **(1)**	6 000	4 000
	Interest on drawings **(1)**	960	1 280		Salary **(1)**		15 000
	Balance c/d		11 640		Profit share **(1)**	7 920	7 920
					Balance c/d	840	
		14 760	28 920			14 760	28 920
2018				2018			
Sept 1	Balance b/d **(1)OF**	840		Sept 1	Balance b/d **(1)OF**		11 640

Question	Answer	Marks
5(c)	Mark and Ella Statement of Financial Position at 31 August 2018	**6**

	$	$	$	
Assets				
Non-current assets				
Premises at cost			165 000	
Fixtures & equipment at book value			24 400	
Motor vehicles at book value			14 750	
			204 150	**(1)**
Current assets				
Inventory			14 950	
Trade receivables		16 800		
Less Provision for doubtful debts		420	16 380	**(1)**
Petty cash			150	
			31 480	**(1)**
Total assets			235 630	
Capital and liabilities				
	Mark	Ella	Total	
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	
			24 830	**(1)**
Total capital and liabilities			235 630	

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 · 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)	\$ 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** Gross profit 44 000 · 18% = 7 920 **(1) OF**	**4**
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**