Cambridge Assessment International Education
Cambridge International General Certificate of Secondary Education

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ACCOUNTING	**0452/22**
Paper 2	**October/November 2018**
MARK SCHEME	
Maximum Mark: 120	

Published

This document consists of **12** printed pages.

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>This represents an overdraft/what the trader owes the bank on that date</td><td>1</td></tr>
<tr><td>1(a)(ii)</td><td>To restore the petty cash balance to the imprest amount</td><td>1</td></tr>
<tr><td>1(a)(iii)</td><td>3%</td><td>1</td></tr>
<tr><td>1(a)(iv)</td><td>Not enough money in the account
Cheque unsigned/incorrect signature
Amount in words and figures disagree
Cheque undated/out of date/wrong date
Takes account in to unauthorised overdraft
Or other acceptable reason
Any 1 reason (1)</td><td>1</td></tr>
<tr><td>1(a)(v)</td><td>This is a contra entry (1)
Money has been transferred from the cash into the bank account (1)</td><td>2</td></tr>
<tr><td>1(a)(vi)</td><td>Money was received from selling goods for $1100. Of this, $220 was paid into the cash account and $880 paid into bank account.</td><td>1</td></tr>
<tr><td>1(b)</td><td>Cash balance $290 (1)
Current asset (1)
Bank balance $4027 (1)
Current liability (1)</td><td>4</td></tr>
<tr><td>1(c)</td><td>
Rajinder
Sales account
<table>
<tr><th>Date</th><th>Details</th><th>$</th><th>Date</th><th>Details</th><th>$</th></tr>
<tr><td>2018</td><td></td><td></td><td><i>2018</i></td><td></td><td></td></tr>
<tr><td>July 31</td><td>Income statement (1)OF</td><td>14 600</td><td><i>June 30</i></td><td><i>Total to date</i></td><td><i>13 500</i></td></tr>
<tr><td></td><td></td><td></td><td>July 29</td><td>Cash/bank (1)</td><td>1 100</td></tr>
<tr><td></td><td></td><td>14 600</td><td></td><td></td><td>14 600</td></tr>
</table>
AM Limited account
<table>
<tr><th>Date</th><th>Details</th><th>$</th><th>Date</th><th>Details</th><th>$</th></tr>
<tr><td>2018</td><td></td><td></td><td><i>2018</i></td><td></td><td></td></tr>
<tr><td>July 27</td><td>Bank (1)</td><td>312</td><td><i>July 1</i></td><td><i>Balance b/d</i></td><td>250</td></tr>
<tr><td></td><td>Discount (1)</td><td>8</td><td><i>14</i></td><td><i>Purchases</i></td><td>440</td></tr>
<tr><td>31</td><td>Balance c/d</td><td>370</td><td></td><td></td><td></td></tr>
<tr><td></td><td></td><td>690</td><td></td><td></td><td>690</td></tr>
<tr><td></td><td></td><td></td><td>2018</td><td></td><td></td></tr>
<tr><td></td><td></td><td></td><td>Aug 1</td><td>Balance b/d (1)OF</td><td>370</td></tr>
</table>
</td><td>5</td></tr>
</table>

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1(d)</td><td>Rajinder
Discount allowed account
<table>
<tr><th>Date</th><th>Details</th><th>$</th><th>Date</th><th>Details</th><th>$</th></tr>
<tr><td>2018</td><td></td><td></td><td>2018</td><td></td><td></td></tr>
<tr><td>June 30</td><td>Total to date **(1)**</td><td>178</td><td>July 31</td><td>Income statement **(1)OF**</td><td>196</td></tr>
<tr><td>July 31</td><td>Total for month **(1)**</td><td>18</td><td></td><td></td><td></td></tr>
<tr><td></td><td></td><td>196</td><td></td><td></td><td>196</td></tr>
</table>
</td><td>**3**</td></tr>
</table>

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(a)</td><td>Bad debts
Amounts owing to a business which will not be paid by credit customers **(1)**

Bad debts recovered
Money received from credit customers in payment/part payment of debts after they have been written off as bad debts **(1)**

Provision for doubtful debts
An estimate of the amount which a business will lose in a financial year because of bad debts **(1)**</td><td>**3**</td></tr>
<tr><td>2(b)</td><td>Adil
Mahinda account
<table>
<tr><th>Date</th><th>Details</th><th>$</th><th>Date</th><th>Details</th><th>$</th></tr>
<tr><td>*2018*</td><td></td><td></td><td>*2018*</td><td></td><td></td></tr>
<tr><td>*Feb 1*</td><td>*Sales*</td><td>*600*</td><td>*Feb 10*</td><td>*Sales returns*</td><td>30</td></tr>
<tr><td></td><td></td><td></td><td>Aug 31</td><td>Bank **(1)**</td><td>114</td></tr>
<tr><td></td><td></td><td></td><td></td><td></td><td>456</td></tr>
<tr><td></td><td></td><td>600</td><td></td><td>Bad debts **(1)**</td><td>600</td></tr>
</table>
Bad debts account
<table>
<tr><th>Date</th><th>Details</th><th>$</th><th>Date</th><th>Details</th><th>$</th></tr>
<tr><td>*2018*</td><td></td><td></td><td>2018</td><td></td><td></td></tr>
<tr><td>*Aug 30*</td><td>*Total to date*</td><td>*710*</td><td>Aug 31</td><td>Income Statement **(1)OF**</td><td>1166</td></tr>
<tr><td>*31*</td><td>Mahinda **(1)OF**</td><td>456</td><td></td><td></td><td></td></tr>
<tr><td></td><td></td><td>1166</td><td></td><td></td><td>1166</td></tr>
</table>
</td><td>**4**</td></tr>
</table>

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(c)(i)</td><td>Eliminates possibility of bad debts
No cash discount for prompt payment is required
Improvement in cash flow
Or other suitable response
Any 1 advantage (1)</td><td>1</td></tr>
<tr><td>2(c)(ii)</td><td>Customers may move to other suppliers
May be reduction in sales
Or other suitable response
Any 1 disadvantage (1)</td><td>1</td></tr>
<tr><td>2(d)</td><td>Obtain references from new credit customers
Fix a credit limit for each credit customer
Improve credit control
Issue invoices and monthly statements promptly
Refuse further supplies until outstanding balance is paid/overdue account
Charge interest on late payment
Allow cash discount/discount for prompt payment
Invoice discounting/debt factoring
Any 2 methods (1) each
Not stop selling on credit/sell on cash terms only – given in question</td><td>2</td></tr>
<tr><td>2(e)</td><td>Adil
Provision for doubtful debts account
<table>
<tr><th>Date</th><th>Details</th><th>$</th><th>Date</th><th>Details</th><th>$</th></tr>
<tr><td>2018
Aug 31</td><td>Income Statement (1)OF
Balance c/d</td><td>276
1 050</td><td>2017
Sept 1</td><td>Balance b/d (1)</td><td>1326</td></tr>
<tr><td></td><td></td><td>1 326</td><td></td><td></td><td>1 326</td></tr>
<tr><td></td><td></td><td></td><td>2018
Sept 1</td><td>Balance b/d (1)</td><td>1 050</td></tr>
</table>
+ (1) dates</td><td>4</td></tr>
<tr><td>2(f)</td><td>The sales for which a business is unlikely to be paid (1) are regarded as an expense of the year in which those sales are made (1)</td><td>2</td></tr>
<tr><td>2(g)</td><td>Prudence (1)
Consistency (1)</td><td>2</td></tr>
</table>

Question	**Answer**	**Marks**
2(h)	**Either** <table><tr><th>debit</th><th>credit</th></tr><tr><td>Bank **(1)**</td><td>Bad debts recovered **(1)**</td></tr></table> **Or** <table><tr><th>debit</th><th>credit</th><th></th></tr><tr><td>Amaya</td><td>Bad debts recovered</td><td>**(1)**</td></tr><tr><td>Bank</td><td>Amaya</td><td>**(1)**</td></tr></table>	**2**
2(i)	Increase by $250	**1**

Question	**Answer**	**Marks**
3(a)	Paul and Ann Journal <table><tr><th>Date</th><th>Details</th><th>Debit $</th><th>Credit $</th><th></th></tr><tr><td>2018 April 1</td><td>Motor vehicle</td><td>14 500</td><td></td><td>**(1)**</td></tr><tr><td></td><td>Bank</td><td>15 500</td><td></td><td>**(1)**</td></tr><tr><td></td><td>Paul Capital</td><td></td><td>30 000</td><td>**(1)**</td></tr><tr><td>Sept 30</td><td>Ann Capital</td><td>5 000</td><td></td><td>**(1)**</td></tr><tr><td></td><td>Ann Current</td><td></td><td>5 000</td><td>**(1)**</td></tr></table>	**5**

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>3(b)</td><td>
Paul and Ann
Profit and Loss Appropriation Account for the year ended 30 September 2018
<table>
<tr><th></th><th></th><th>$</th><th></th><th>$</th></tr>
<tr><td>Profit for the year:</td><td></td><td></td><td></td><td>11 350</td></tr>
<tr><td>Interest on drawings:</td><td>Paul</td><td>450</td><td>}</td><td></td></tr>
<tr><td></td><td>Ann</td><td>550</td><td>} (1)</td><td>1 000</td></tr>
<tr><td></td><td></td><td></td><td></td><td>12 350</td></tr>
<tr><td>Interest on capital:</td><td>Paul
4% · 50 000 · 6 / 12 = 1000**(1)**
4% · 80 000 · 6 / 12 = 1600**(1)**</td><td>2 600</td><td>*</td><td></td></tr>
<tr><td></td><td>Ann</td><td>3 400</td><td>(1)</td><td></td></tr>
<tr><td></td><td></td><td>6 000</td><td></td><td></td></tr>
<tr><td>Partner’s salary:</td><td>Paul
7000 · 6 / 12 = 3500**(1)**
8000 · 6 / 12 = 4000**(1)**</td><td>7 500</td><td>**</td><td>13 500</td></tr>
<tr><td></td><td></td><td></td><td></td><td>(1 150)</td></tr>
<tr><td>Share of loss</td><td>Paul</td><td>575</td><td>**(1)OF**</td><td></td></tr>
<tr><td></td><td>Ann</td><td>575</td><td>**(1)OF**</td><td>(1 150)</td></tr>
</table>
*Alternative calculation
4% · 50 000 · 12 / 12 = 2000**(1)**
4% · 30 000 · 6 / 12 = 600**(1)**

**Alternative calculation
7000 · 12 / 12 = 7000**(1)**
1000 · 6 / 12 = 500**(1)**
</td><td>**8**</td></tr>
<tr><td>3(c)</td><td>
Paul
Current account
<table>
<tr><th>Date</th><th>Details</th><th>$</th><th>Date</th><th>Details</th><th>$</th></tr>
<tr><td>2018
Sept 30</td><td>Drawings **(1)**</td><td>9 000</td><td>2017
Oct 1</td><td>Balance b/d **(1)**</td><td>1 150</td></tr>
<tr><td></td><td>Int on Draw. **(1)OF**</td><td>450</td><td>2018
Sept 30</td><td>Int. on cap **(1)OF**</td><td>2 600</td></tr>
<tr><td></td><td>Share of loss **(1)OF**</td><td>575</td><td></td><td>Salary **(1)OF**</td><td>7 500</td></tr>
<tr><td></td><td>Balance c/d</td><td>1 825</td><td></td><td>Int. on loan **(1)**</td><td>600</td></tr>
<tr><td></td><td></td><td>11 850</td><td></td><td></td><td>11 850</td></tr>
<tr><td></td><td></td><td></td><td>2018
Oct 1</td><td>Balance b/d **(1)OF**</td><td>1 825</td></tr>
</table>
</td><td>**8**</td></tr>
</table>

Question	**Answer**	**Marks**
4(a)	<table><tr><th></th><th>Increase $</th><th>Decrease $</th><th>no effect</th></tr><tr><td>total of current assets</td><td>80 000 **(1)**</td><td></td><td></td></tr><tr><td>total profit for the year</td><td></td><td>4000 **(1)**</td><td></td></tr><tr><td>total equity</td><td></td><td>4000 **(1)**</td><td></td></tr></table>	**3**
4(b)	Prior claim on the profits of the business Reduction in profit available for ordinary shareholders Prior claim on the assets of the business in a winding-up **Or other suitable comment** **Any 2 comments (1) each**	**2**
4(c)	In the event of winding up each shareholder may receive less The dividend per share may reduce Dilution of ownership **Or other suitable comment** **Any 2 comments (1) each**	**2**
4(d)	Proposal 1 General reserve is not necessarily represented by actual money **(1)** Proposal 2 Bank overdraft not appropriate for long-term borrowing **(1)** **Or other suitable comments**	**2**
4(e)	Long term loan from bank/financial institution Government grant if available Mortgage premises Sale and lease-back of non-current assets **Or other suitable method** **Any 1 method (1)**	**1**

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>5(a)</td><td>Current ratio
31 200 : 20 200 **(1) whole formula** 1.54 : 1 **(1)**

Quick (acid test) ratio
16 300 : 20 200 **(1) whole formula** 0.81 : 1 **(1)**

Trade receivables collection period $\frac{16\,200}{192\,000} \cdot \frac{365}{1}$ **(1) whole formula**
= 31 days **(1)**

Trade payables payment period $\frac{16\,500}{154\,500} \cdot \frac{365}{1}$ **(1) whole formula**
= 39 days **(1)**</td><td>8</td></tr>
<tr><td>5(b)</td><td>Decrease in inventory/trade receivables/cash
Increase in trade payables/bank overdraft
Purchase of non-current assets
Increase in drawings
Repayment of long-term liabilities

Any 2 reasons (1) each</td><td>2</td></tr>
<tr><td>5(c)</td><td><table>
<tr><th></th><th>increase</th><th>decrease</th><th>no effect</th></tr>
<tr><td>introduce $4000 additional capital in order to pay off the bank overdraft</td><td>✓**(1)**</td><td></td><td></td></tr>
<tr><td>sell half the inventory at cost price to a cash purchaser</td><td></td><td></td><td>✓**(1)**</td></tr>
<tr><td>convert a $10 000 long-term bank loan into a bank overdraft</td><td></td><td>✓**(1)**</td><td></td></tr>
<tr><td>increase the bank overdraft by $16 500 in order to repay the trade payables</td><td></td><td></td><td>✓**(1)**</td></tr>
</table></td><td>4</td></tr>
<tr><td>5(d)</td><td>Inventory is not included in the calculation **(1)**

Either
Inventory is not regarded as a liquid asset – a buyer has to be found and then the money collected **(1)**
Or
The quick ratio shows whether the business would have any surplus liquid funds if all the current liabilities were paid immediately from the liquid assets **(1)**</td><td>2</td></tr>
</table>

Question	Answer	Marks
5(e)	Has decreased **(1) OF** **Plus comment –** Business is short of liquid funds Business cannot pay immediate liabilities from liquid assets Business needs injection of long term funds **Or other relevant comment based on OF quick ratio** **Any 1 comment (1)**	**2**
5(f)	Has increased/Credit customers are taking longer to settle their debts Change may affect business's ability to pay current liabilities when due Change adversely affects the liquidity of the business **Or other relevant comment based on OF trade receivables period** **Any 2 comments (1) each**	**2**
5(g)(i)	Has the use of the money for other purposes for longer than previous Allow comment based on OF trade payables period. **Or other relevant comment** **Any 1 comment (1)**	**1**
5(g)(ii)	Is not able to take advantage of cash discount May be charged interest Damages relationship with credit suppliers Allow comment based on OF trade payables period. **Or other relevant comment** **Any 1 comment (1)**	**1**

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>6(a)</td><td>
<table>
<tr><th>Calculation of purchases</th><th>$</th><th></th></tr>
<tr><td>Cheques paid to credit suppliers</td><td>33 150</td><td>(1)</td></tr>
<tr><td>Discount recived</td><td>850</td><td>(1)</td></tr>
<tr><td>Returns to credit suppliers</td><td>1 670</td><td>(1)</td></tr>
<tr><td>Amounts owing to credit suppliers 30 september 2018</td><td>3 180</td><td>(1)</td></tr>
<tr><td>Cash withdrawn from bank for purchases</td><td>4 820</td><td>(1)</td></tr>
<tr><td>Total purchases for the year</td><td>43 670</td><td>(1) OF</td></tr>
</table>
<p>Alternative presentation</p>
<table>
<tr><th>Date</th><th>Details</th><th>$</th><th>Date</th><th>Details</th><th>$</th></tr>
<tr><td>2018
Sept 30</td><td>Bank (1)</td><td>33 150</td><td>2018
Sept 30</td><td>Purchases</td><td>38 850</td></tr>
<tr><td></td><td>Discount Recd. (1)</td><td>850</td><td></td><td></td><td></td></tr>
<tr><td></td><td>Returns outward (1)</td><td>1 670</td><td></td><td></td><td></td></tr>
<tr><td></td><td>Balance c/d (1)</td><td>3 180</td><td></td><td></td><td></td></tr>
<tr><td></td><td></td><td>38 850</td><td></td><td></td><td>38 850</td></tr>
</table>
<table>
<tr><td>Total purchases –</td><td>Credit:</td><td>38 850</td><td></td></tr>
<tr><td></td><td>Cash:</td><td>4 820</td><td>(1)</td></tr>
<tr><td></td><td></td><td>43 670</td><td>(1)OF</td></tr>
</table>
</td><td>6</td></tr>
<tr><td>6(b)</td><td>
<p>Priti
Bank account</p>
<table>
<tr><th>Date</th><th>Details</th><th>$</th><th>Date</th><th>Details</th><th>$</th></tr>
<tr><td>2017
Oct 1</td><td>Capital (1)</td><td>30 000</td><td>2018
Sept 30</td><td>Non-current assets (1)</td><td>19 400</td></tr>
<tr><td>2018
Sept 30</td><td>Sales (1)</td><td>48 500</td><td></td><td>Trade payables (1)</td><td>33 150</td></tr>
<tr><td></td><td></td><td></td><td></td><td>Cash Purchases (1)</td><td>4 820</td></tr>
<tr><td></td><td></td><td></td><td></td><td>*Expenses (1)OF</td><td>5 090</td></tr>
<tr><td></td><td></td><td></td><td></td><td>Balance c/d (1)</td><td>16 040</td></tr>
<tr><td></td><td></td><td>78 500</td><td></td><td></td><td>78 500</td></tr>
</table>
</td><td>7</td></tr>
</table>

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>6(c)</td><td>Priti
Income Statement for the year ended 30 September 2018
<table>
<tr><th></th><th>$</th><th></th><th>$</th><th></th></tr>
<tr><td>Revenue</td><td></td><td></td><td>48 500</td><td>**(1)**</td></tr>
<tr><td>Cost of Sales</td><td></td><td></td><td></td><td></td></tr>
<tr><td>Purchases</td><td>43 670</td><td>**(1)OF**</td><td></td><td></td></tr>
<tr><td>Less Purchases returns</td><td>1 670</td><td>**(1)**</td><td></td><td></td></tr>
<tr><td></td><td>42 000</td><td></td><td></td><td></td></tr>
<tr><td>Less Closing inventory</td><td>3 200</td><td>**(2)CF**</td><td></td><td></td></tr>
<tr><td></td><td></td><td>**(1)OF**</td><td>38 800</td><td></td></tr>
<tr><td>Gross profit</td><td></td><td></td><td>9 700</td><td>**(1)**</td></tr>
<tr><td>Discount received</td><td></td><td></td><td>850</td><td>**(1)**</td></tr>
<tr><td></td><td></td><td></td><td>10 550</td><td></td></tr>
<tr><td>Expenses (5090 **(1) OF** + 120 **(1)**)</td><td>5 210</td><td></td><td></td><td></td></tr>
<tr><td>Depreciation of non-current assets</td><td>1 940</td><td>**(1)**</td><td>7 150</td><td></td></tr>
<tr><td>Profit for the year</td><td></td><td></td><td>3 400</td><td>**(1)OF**</td></tr>
</table>
</td><td>**11**</td></tr>
<tr><td>6(d)</td><td>Margin is the gross profit measured as a percentage of selling price **(1)**

Mark-up is the gross profit measured as a percentage of cost price **(1)**</td><td>**2**</td></tr>
</table>