
ACCOUNTING**0452/23**

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</td> <td style="text-align: right;">6 250</td> <td></td> <td></td> </tr> <tr> <td></td> <td>Less Trade discount</td> <td style="text-align: right;">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</td> <td style="text-align: right;">2 600</td> <td></td> <td></td> </tr> <tr> <td></td> <td>Less Trade discount</td> <td style="text-align: right;">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</td> <td style="text-align: right;">100</td> <td></td> <td></td> </tr> <tr> <td></td> <td>Less Trade discount</td> <td style="text-align: right;">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	6 250				Less Trade discount	1 250	5 000	(1)	9	Gaby Goods	2 600				Less Trade discount	520	2 080	(1)	31	Transfer to purchases account		7 080	(1) OF	Date	Details	\$	\$		2018 Aug 13	Gaby Goods	100				Less Trade discount	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																																																																		

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)	<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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2(d)	<table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th colspan="2">debit</th> <th colspan="2">credit</th> </tr> <tr> <th></th> <th>\$</th> <th></th> <th>\$</th> </tr> </thead> <tbody> <tr> <td>petty cash (1)</td> <td>104*</td> <td>cash/bank (1)</td> <td>104*</td> </tr> </tbody> </table> <p style="text-align: right;">*(1) for 2 matching correct figures</p>	debit		credit			\$		\$	petty cash (1)	104*	cash/bank (1)	104*	3						
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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(g)	<p>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</p>						2																																																						
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

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4(b)	<p style="text-align: center;">Rizwan Journal</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th></th> <th style="text-align: center;">Details</th> <th style="text-align: center;">\$</th> <th style="text-align: center;">\$</th> <th></th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">1</td> <td>Suspense</td> <td style="text-align: center;">1120</td> <td></td> <td style="text-align: center;">(1)</td> </tr> <tr> <td></td> <td>Rent receivable</td> <td></td> <td style="text-align: center;">560</td> <td style="text-align: center;">(1)</td> </tr> <tr> <td></td> <td>Rent payable</td> <td></td> <td style="text-align: center;">560</td> <td style="text-align: center;">(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: center;">(1)</td> </tr> <tr> <td style="text-align: center;">2</td> <td>Office equipment</td> <td style="text-align: center;">890</td> <td></td> <td style="text-align: center;">(1)</td> </tr> <tr> <td></td> <td>Purchases</td> <td></td> <td style="text-align: center;">890</td> <td style="text-align: center;">(1)</td> </tr> <tr> <td></td> <td>Correction of error, office equipment treated as purchases</td> <td></td> <td></td> <td style="text-align: center;">(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: center;">(1)</td> </tr> <tr> <td></td> <td>Suspense</td> <td></td> <td style="text-align: center;">21</td> <td style="text-align: center;">(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: center;">(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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5(c)	<p style="text-align: center;">Mark and Ella Statement of Financial Position at 31 August 2018</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 60%;"></th> <th style="width: 10%; text-align: center;">\$</th> <th style="width: 10%; text-align: center;">\$</th> <th style="width: 10%; text-align: center;">\$</th> </tr> </thead> <tbody> <tr> <td colspan="4">Assets</td> </tr> <tr> <td colspan="4">Non-current assets</td> </tr> <tr> <td>Premises at cost</td> <td></td> <td></td> <td style="text-align: right;">165 000</td> </tr> <tr> <td>Fixtures & equipment at book value</td> <td></td> <td></td> <td style="text-align: right;">24 400</td> </tr> <tr> <td>Motor vehicles at book value</td> <td></td> <td></td> <td style="text-align: right;">14 750</td> </tr> <tr> <td></td> <td></td> <td></td> <td style="text-align: right;"><u>204 150 (1)</u></td> </tr> <tr> <td colspan="4">Current assets</td> </tr> <tr> <td>Inventory</td> <td></td> <td></td> <td style="text-align: right;">14 950</td> </tr> <tr> <td>Trade receivables</td> <td style="text-align: right;">16 800</td> <td></td> <td></td> </tr> <tr> <td>Less Provision for doubtful debts</td> <td style="text-align: right;"><u>420</u></td> <td></td> <td style="text-align: right;">16 380 (1)</td> </tr> <tr> <td>Petty cash</td> <td></td> <td></td> <td style="text-align: right;">150</td> </tr> <tr> <td></td> <td></td> <td></td> <td style="text-align: right;"><u>31 480 (1)</u></td> </tr> <tr> <td>Total assets</td> <td></td> <td></td> <td style="text-align: right;"><u>235 630</u></td> </tr> <tr> <td colspan="4">Capital and liabilities</td> </tr> <tr> <td></td> <td style="text-align: center;">Mark</td> <td style="text-align: center;">Ella</td> <td style="text-align: center;">Total</td> </tr> <tr> <td>Capital accounts</td> <td style="text-align: right;">120 000</td> <td style="text-align: right;">80 000</td> <td style="text-align: right;">200 000 (1)</td> </tr> <tr> <td>Current accounts</td> <td style="text-align: right;">(840)</td> <td style="text-align: right;">11 640</td> <td style="text-align: right;">10 800 (1) OF</td> </tr> <tr> <td></td> <td></td> <td></td> <td style="text-align: right;">210 800</td> </tr> <tr> <td colspan="4">Current liabilities</td> </tr> <tr> <td>Trade payables</td> <td></td> <td></td> <td style="text-align: right;">19 240</td> </tr> <tr> <td>Bank overdraft</td> <td></td> <td></td> <td style="text-align: right;">5 590</td> </tr> <tr> <td></td> <td></td> <td></td> <td style="text-align: right;"><u>24 830 (1)</u></td> </tr> <tr> <td>Total capital and liabilities</td> <td></td> <td></td> <td style="text-align: right;"><u>235 630</u></td> </tr> </tbody> </table>		\$	\$	\$	Assets				Non-current assets				Premises at cost			165 000	Fixtures & equipment at book value			24 400	Motor vehicles at book value			14 750				<u>204 150 (1)</u>	Current assets				Inventory			14 950	Trade receivables	16 800			Less Provision for doubtful debts	<u>420</u>		16 380 (1)	Petty cash			150				<u>31 480 (1)</u>	Total assets			<u>235 630</u>	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				<u>24 830 (1)</u>	Total capital and liabilities			<u>235 630</u>	6
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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> <tr> <td colspan="3"> Gross profit 44 000 × 18% = <u>7 920</u> (1) OF</td> </tr> </table>		\$		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% = <u>7 920</u> (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																														