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Cambridge Assessment International Education
Cambridge International General Certificate of Secondary Education

ACCOUNTING

0452/11

Paper 1

May/June 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.

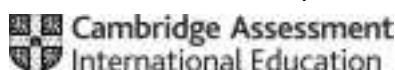
Mark schemes should be read in conjunction with the question paper and the Principal Examiner Report for Teachers.

Cambridge International will not enter into discussions about these mark schemes.

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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		10
1(a)	D	1
1(b)	B	1
1(c)	B	1
1(d)	D	1
1(e)	A	1
1(f)	A	1
1(g)	B	1
1(h)	C	1
1(i)	D	1
1(j)	C	1

Question	Answer					Marks																																			
2(a)	<table><tr><td></td><td>non-current assets</td><td>current assets</td><td>non-current liabilities</td><td>current liabilities</td></tr><tr><td>trade payables</td><td></td><td></td><td></td><td>✓</td></tr><tr><td>5 year loan</td><td></td><td></td><td>✓</td><td></td></tr><tr><td>inventory</td><td></td><td>✓</td><td></td><td></td></tr><tr><td>loose tools</td><td>✓</td><td></td><td></td><td></td></tr><tr><td>bank overdraft</td><td></td><td></td><td></td><td>✓</td></tr><tr><td>rent receivable accrued</td><td></td><td>✓</td><td></td><td></td></tr></table> Any 2 correct items (1)						non-current assets	current assets	non-current liabilities	current liabilities	trade payables				✓	5 year loan			✓		inventory		✓			loose tools	✓				bank overdraft				✓	rent receivable accrued		✓			3
	non-current assets	current assets	non-current liabilities	current liabilities																																					
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5 year loan			✓																																						
inventory		✓																																							
loose tools	✓																																								
bank overdraft				✓																																					
rent receivable accrued		✓																																							
2(b)(i)	Share losses Share responsibilities Share risks Share decision-making Additional finance available Additional skills and experience available Accept other valid points. Any 1 advantage (1)					1																																			
2(b)(ii)	Share profits Decisions must be recognised by all partners Decisions may take longer to implement One partner's actions can bind other partners Disagreements can occur All partners are responsible for the debts of the business Accept other valid points. Any 1 disadvantage (1)					1																																			

Question	Answer	Marks																						
2(c)	<table><tr><th>interested party</th><th>reason for their interest</th></tr><tr><td>credit suppliers</td><td>check on likelihood of being paid</td></tr><tr><td>bank/lender</td><td>check on suitability for overdraft/loan to check collateral in case of bankruptcy</td></tr><tr><td>manager</td><td>check on efficiency and progress</td></tr><tr><td>government</td><td>for tax calculation/government statistics</td></tr><tr><td>employees/trade union</td><td>check on likelihood of continued employment</td></tr><tr><td>customers</td><td>check on likelihood of supplies being continued</td></tr><tr><td>competitor</td><td>comparison of profitability</td></tr><tr><td>potential partner</td><td>check on profitability and prospects</td></tr><tr><td>takeover bidder</td><td>check on profitability and prospects</td></tr><tr><td>potential investor</td><td>check on profitability and prospects</td></tr></table> Not business owner – this is excluded by question Naming interested party – any 3 (1) each Appropriate reason for their interest – any 3 (1) each	interested party	reason for their interest	credit suppliers	check on likelihood of being paid	bank/lender	check on suitability for overdraft/loan to check collateral in case of bankruptcy	manager	check on efficiency and progress	government	for tax calculation/government statistics	employees/trade union	check on likelihood of continued employment	customers	check on likelihood of supplies being continued	competitor	comparison of profitability	potential partner	check on profitability and prospects	takeover bidder	check on profitability and prospects	potential investor	check on profitability and prospects	6
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potential partner	check on profitability and prospects																							
takeover bidder	check on profitability and prospects																							
potential investor	check on profitability and prospects																							
2(d)	Physical deterioration Economic reasons Passage of time Obsolescence Depletion Any 2 (1) each	2																						

Question	Answer		Marks										
2(e)	<table><tr><td></td><td>True or False</td></tr><tr><td>When the straight line (equal instalment) method is used the depreciation is calculated on the cost price less residual value.</td><td>True (1)</td></tr><tr><td>When the reducing (diminishing) balance method is used the percentage rate of depreciation decreases each year.</td><td>False (1)</td></tr><tr><td>The provision for depreciation of a non-current asset is deducted from the cost price in the statement of financial position.</td><td>True (1)</td></tr><tr><td>A provision for depreciation is a means of providing a fund to purchase a replacement non-current asset</td><td>False (1)</td></tr></table>		True or False	When the straight line (equal instalment) method is used the depreciation is calculated on the cost price less residual value.	True (1)	When the reducing (diminishing) balance method is used the percentage rate of depreciation decreases each year.	False (1)	The provision for depreciation of a non-current asset is deducted from the cost price in the statement of financial position.	True (1)	A provision for depreciation is a means of providing a fund to purchase a replacement non-current asset	False (1)		4
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A provision for depreciation is a means of providing a fund to purchase a replacement non-current asset	False (1)												
2(f)	Comparability Relevance Reliability Understandability Any 1 objective (1)		1										
2(g)	<table><tr><td></td><td>Accounting principle</td></tr><tr><td>The same accounting treatment is applied to similar items at all times.</td><td>consistency (1)</td></tr><tr><td>Accounting assumes that a business will continue to operate indefinitely.</td><td>going concern (1)</td></tr><tr><td>Transactions are expressed in monetary terms.</td><td>money measurement (1)</td></tr><tr><td>Revenue is recognised as earned when ownership of goods passes to the customer.</td><td>realisation (1)</td></tr></table>		Accounting principle	The same accounting treatment is applied to similar items at all times.	consistency (1)	Accounting assumes that a business will continue to operate indefinitely.	going concern (1)	Transactions are expressed in monetary terms.	money measurement (1)	Revenue is recognised as earned when ownership of goods passes to the customer.	realisation (1)		4
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Question	Answer	Marks
3(a)	Reduces the number of entries in the main cash book Removes the small cash payments from 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 staff members Accept other valid points. Any 1 reason (1)	1
3(b)	Control/limit petty cash expenditure The cash remaining and the vouchers received should equal the imprest Can help to reduce fraud Accept other valid points. Any 1 advantage (1)	1

Question	Answer							Marks	
3(c)	Amira Petty Cash Book							10	
	Total received \$	Date	Details	Total paid \$	Postage \$	Computer supplies \$	General expenses \$		Ledger accounts \$
	80	2018 April 1	Cash						
			4 Stamps (1)	3	3				
			7 Printing paper (1)	8		8			
			11 Ink cartridges (1)	12		12			
			19 Window cleaner (1)	10			10		
			22 KK Limited (1)	35					35
	29 Flowers (1)	7			7				
			75	3	20	17	35		
5		5							
80	30	Balance c/d	80						
5	May 1	Balance b/d (1)							
+ (1) Totalling analysis columns (1) Totalling total columns (1) Dates									
3(d)								3	
	debit		\$	credit		\$			
	petty cash (book) (1)		75	cash/bank/cash book (1)		75			
+ (1) for 2 equal OFs from (c)									

Question	Answer	Marks																																				
3(e)	Amira Computer supplies account <table><tr><td>Date 2018 April 30</td><td>Details Petty cash (1)</td><td>\$ 20</td><td>Date</td><td>Details</td><td>\$</td></tr></table>	Date 2018 April 30	Details Petty cash (1)	\$ 20	Date	Details	\$	1																														
Date 2018 April 30	Details Petty cash (1)	\$ 20	Date	Details	\$																																	
3(f)	Obtain the correct bank balance Identify errors in the bank account Identify errors on the bank statement Assist/helps in discovering fraud and embezzlement Identify amounts not credited Identify cheques not presented Identify any stale cheques or dishonoured cheques Accept other valid points. Any 2 reasons (1) each	2																																				
3(g)	Amira Cash Book (bank columns) only <table><tr><td>Date 2018 April 30</td><td>Details Balance b/d</td><td>\$ 17 620</td><td>Date 2018 April 30</td><td>Details Bank charges (1)</td><td>\$ 28</td></tr><tr><td></td><td>(Cash book) error* (1)</td><td>100</td><td></td><td>Jabir(dis.chq) (1)</td><td>153</td></tr><tr><td></td><td></td><td></td><td></td><td>Rates (1)</td><td>95</td></tr><tr><td></td><td></td><td></td><td></td><td>Balance c/d</td><td>17 444</td></tr><tr><td></td><td></td><td>17 720</td><td></td><td></td><td>17 720</td></tr><tr><td>2018 May 1</td><td>Balance b/d (1)OF</td><td>17 444</td><td></td><td></td><td></td></tr></table>	Date 2018 April 30	Details Balance b/d	\$ 17 620	Date 2018 April 30	Details Bank charges (1)	\$ 28		(Cash book) error* (1)	100		Jabir(dis.chq) (1)	153					Rates (1)	95					Balance c/d	17 444			17 720			17 720	2018 May 1	Balance b/d (1)OF	17 444				5
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3(h)	Amira Bank Reconciliation Statement at 30 April 2018 <table style="width: 100%; border-collapse: collapse;"> <tr> <td></td><td style="text-align: right;">\$</td><td></td></tr> <tr> <td>Balance shown on bank statement</td><td style="text-align: right;">17 695</td><td style="text-align: right;">(1) OF</td></tr> <tr> <td>Add Cheque not credited – Shadya</td><td style="text-align: right;">824</td><td style="text-align: right;">(1)</td></tr> <tr> <td></td><td style="text-align: right; border-top: 1px solid black;">18 519</td><td></td></tr> <tr> <td>Less Cheque not presented – Abasi</td><td style="text-align: right;">1 075</td><td style="text-align: right;">(1)</td></tr> <tr> <td></td><td style="text-align: right; border-top: 1px solid black; border-bottom: 1px solid black;">17 444</td><td style="text-align: right;">(1) OF</td></tr> <tr> <td colspan="3"> Alternative presentation</td></tr> <tr> <td></td><td style="text-align: right;">\$</td><td></td></tr> <tr> <td>Balance shown in cash book</td><td style="text-align: right;">17 444</td><td style="text-align: right;">(1) OF</td></tr> <tr> <td>Add Cheque not presented – Abasi</td><td style="text-align: right;">1 075</td><td style="text-align: right;">(1)</td></tr> <tr> <td></td><td style="text-align: right; border-top: 1px solid black;">18 519</td><td></td></tr> <tr> <td>Less Cheque not credited – Shadya</td><td style="text-align: right;">824</td><td style="text-align: right;">(1)</td></tr> <tr> <td></td><td style="text-align: right; border-top: 1px solid black; border-bottom: 1px solid black;">17 695</td><td style="text-align: right;">(1) OF</td></tr> </table>		\$		Balance shown on bank statement	17 695	(1) OF	Add Cheque not credited – Shadya	824	(1)		18 519		Less Cheque not presented – Abasi	1 075	(1)		17 444	(1) OF	 Alternative presentation				\$		Balance shown in cash book	17 444	(1) OF	Add Cheque not presented – Abasi	1 075	(1)		18 519		Less Cheque not credited – Shadya	824	(1)		17 695	(1) OF	4
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3(i)	\$17 444 (1) OF Current assets (1) OF	2																																							
3(j)	Not enough money in account Cheque unsigned Amount in words and figures disagree Takes account into unauthorised overdraft Accept other valid points. Any 2 acceptable reasons (1) each	2																																							

Question	Answer										Marks
4(a)	Harry AX Limited account										12
	Date 2018		Details		\$	Date 2018		Details		\$	
	Mar	4	Bank	(1)	2 425	Mar	1	Balance b/d	(1)	2 500	
			Discount (received)	(1)	75		15	Purchases	(1)	2 600	
		17	Purchases returns	(1)	360						
		31	Balance c/d		2 240						
					5 100					5 100	
						2018					
						Apl	1	Balance b/d	(1)OF	2 240	
	FM Limited account										
Date 2018		Details		\$	Date 2018		Details		\$		
Mar	28	Purchases returns	(1)	170	Mar	1	Balance b/d	(1)	750		
				2 127		24	Purchases	(1)	1 547		
	30	Bank	(1)	2 297							
				2 297					2 297		

Question	Answer	Marks																																																
4(a)	Purchases account <table><tr><th>Date 2018</th><th>Details</th><th>\$</th><th>Date 2018</th><th>Details</th><th>\$</th></tr><tr><td>Feb 28</td><td>Total to date</td><td>43 000</td><td>Mar 31</td><td>Income statement (1)</td><td>47 147</td></tr><tr><td>Mar 31</td><td>Credit purchases for month (1)</td><td>4 147</td><td></td><td></td><td></td></tr><tr><td></td><td></td><td>47 147</td><td></td><td></td><td>47 147</td></tr></table> Purchases returns account <table><tr><th>Date 2018</th><th>Details</th><th>\$</th><th>Date 2018</th><th>Details</th><th>\$</th></tr><tr><td>Mar 31</td><td>Income statement (1)</td><td>5 550</td><td>Feb 28</td><td>Total to date</td><td>5 020</td></tr><tr><td></td><td></td><td></td><td>Mar 31</td><td>Returns for month (1)</td><td>530</td></tr><tr><td></td><td></td><td>5 550</td><td></td><td></td><td>5 550</td></tr></table>	Date 2018	Details	\$	Date 2018	Details	\$	Feb 28	Total to date	43 000	Mar 31	Income statement (1)	47 147	Mar 31	Credit purchases for month (1)	4 147						47 147			47 147	Date 2018	Details	\$	Date 2018	Details	\$	Mar 31	Income statement (1)	5 550	Feb 28	Total to date	5 020				Mar 31	Returns for month (1)	530			5 550			5 550	
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4(b)(i)	Buying in bulk/buying large quantity In the same trade To enable Harry to make a profit when goods are sold Loyal / regular customer Accept other valid points. Any 1 reason (1)	1																																																
4(b)(ii)	$\frac{650}{3250} \times \frac{100}{1} = 20\%$ (1)	1																																																
4(c)(i)	Sales invoice	1																																																
4(c)(ii)	Debit note	1																																																
4(c)(iii)	Statement of account	1																																																

Question	Answer	Marks																																																			
5(a)(i)	Goods remaining (at the year-end) which were purchased for converting into finished goods (1) Example – fabric, thread, buttons, zips, etc. (1)	2																																																			
5(a)(ii)	Goods which are partly made (at the end of the year) (1) Example – partly made shirt/blouse/jeans/etc. (1)	2																																																			
5(a)(iii)	Completed clothes which are awaiting sale (1) Example – completed shirt/blouse/jeans/etc. (1)	2																																																			
5(b)	Addae Manufacturing Account for the year ended 31 January 2018 <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th><th style="text-align: right;">\$</th><th style="text-align: right;">\$</th></tr> </thead> <tbody> <tr> <td>Cost of materials used</td><td></td><td></td></tr> <tr> <td>Purchases of raw materials</td><td style="text-align: right;">48 400</td><td></td></tr> <tr> <td>Carriage inwards</td><td style="text-align: right;">1 950 (1)</td><td style="text-align: right;">50 350</td></tr> <tr> <td>Less Closing inventory of raw materials</td><td></td><td style="text-align: right;">5 150</td></tr> <tr> <td></td><td></td><td style="text-align: right; border-top: 1px solid black;">45 200 (1)</td></tr> <tr> <td>Direct factory wages</td><td></td><td style="text-align: right;">38 800 (1)</td></tr> <tr> <td>Prime cost</td><td></td><td style="text-align: right; border-top: 1px solid black;">84 000 (1)</td></tr> <tr> <td>Factory overheads</td><td></td><td></td></tr> <tr> <td>Indirect factory wages</td><td style="text-align: right;">27 140 }*</td><td></td></tr> <tr> <td>General factory expenses</td><td style="text-align: right;">3 150 }*</td><td></td></tr> <tr> <td>Factory heat and light</td><td style="text-align: right;">1 110 }*</td><td></td></tr> <tr> <td>Factory insurance</td><td style="text-align: right;">1 860 }*</td><td></td></tr> <tr> <td>Depreciation (factory) machinery</td><td style="text-align: right;">15 000 (1)</td><td style="text-align: right;">48 260</td></tr> <tr> <td></td><td></td><td style="text-align: right; border-top: 1px solid black;">132 260 (1)</td></tr> <tr> <td>Less Closing work in progress</td><td></td><td style="text-align: right;">7 260 (1)</td></tr> <tr> <td>Cost of production</td><td></td><td style="text-align: right; border-top: 1px solid black; border-bottom: 3px double black;">125 000 (1)</td></tr> </tbody> </table>		\$	\$	Cost of materials used			Purchases of raw materials	48 400		Carriage inwards	1 950 (1)	50 350	Less Closing inventory of raw materials		5 150			45 200 (1)	Direct factory wages		38 800 (1)	Prime cost		84 000 (1)	Factory overheads			Indirect factory wages	27 140 }*		General factory expenses	3 150 }*		Factory heat and light	1 110 }*		Factory insurance	1 860 }*		Depreciation (factory) machinery	15 000 (1)	48 260			132 260 (1)	Less Closing work in progress		7 260 (1)	Cost of production		125 000 (1)	10
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Question	Answer	Marks
5(c)	Buy in bulk to get trade discount/look for cheaper suppliers Reduce wages Reduce/control factory / general expenses Reduce factory heat and light Look for cheaper carriage on raw materials Reduce rate of depreciation Accept other valid points. Any 2 ways (1) each	2
5(d)	$\frac{(179\,250 - 119\,500)}{179\,250} \times \frac{100}{1}$ (1) whole formula = 33.33% (1)	2
5(e)	$\frac{(59\,750 - 34\,750)}{179\,250} \times \frac{100}{1}$ (1) whole formula = 13.95% (1)	2
5(f)	Increase gross profit margin or increase selling price / reduce COS Reduce/control administration and selling expenses not factory expenses Increase other income Accept other valid points. Any 2 ways (1) each	2

Question	Answer	Marks																																																				
6(a)	To balance the trial balance Because there are errors on the trial balance To allow draft financial statements to be prepared Accept other valid points. Any 2 reasons (1) each	2																																																				
6(b)	<table><tr><th colspan="2" rowspan="3">error</th><th colspan="6">entries required to correct the error</th></tr><tr><th colspan="2">debit</th><th></th><th colspan="2">credit</th><th></th></tr><tr><th>account</th><th>\$</th><th></th><th>account</th><th>\$</th><th></th></tr><tr><td>1</td><td>motor expenses, \$150, debited to motor vehicles account</td><td><i>motor expenses</i></td><td>150</td><td></td><td><i>motor vehicles</i></td><td>150</td><td></td></tr><tr><td>2</td><td>carriage inwards, \$120, debited to carriage outwards account</td><td>carriage inwards</td><td>120</td><td>(1)</td><td>carriage outwards</td><td>120</td><td>(1)</td></tr><tr><td>3</td><td>sales journal overcast by \$1000</td><td>sales not sales journal</td><td>1000</td><td>(1)</td><td>suspense</td><td>1000</td><td>(1)</td></tr><tr><td>4</td><td>wages, \$460, debited to wages account as \$640</td><td>suspense</td><td>180</td><td>(1)</td><td>wages</td><td>180</td><td>(1)</td></tr></table>	error		entries required to correct the error						debit			credit			account	\$		account	\$		1	motor expenses, \$150, debited to motor vehicles account	<i>motor expenses</i>	150		<i>motor vehicles</i>	150		2	carriage inwards, \$120, debited to carriage outwards account	carriage inwards	120	(1)	carriage outwards	120	(1)	3	sales journal overcast by \$1000	sales not sales journal	1000	(1)	suspense	1000	(1)	4	wages, \$460, debited to wages account as \$640	suspense	180	(1)	wages	180	(1)	6
error				entries required to correct the error																																																		
				debit			credit																																															
		account	\$		account	\$																																																
1	motor expenses, \$150, debited to motor vehicles account	<i>motor expenses</i>	150		<i>motor vehicles</i>	150																																																
2	carriage inwards, \$120, debited to carriage outwards account	carriage inwards	120	(1)	carriage outwards	120	(1)																																															
3	sales journal overcast by \$1000	sales not sales journal	1000	(1)	suspense	1000	(1)																																															
4	wages, \$460, debited to wages account as \$640	suspense	180	(1)	wages	180	(1)																																															
6(c)	All errors have not been discovered (1) The suspense account will not be closed (1) (\$650 + \$180 on debit and \$1000 on credit) Accept alternative answers depending on entries in (b)	2																																																				

Question	Answer	Marks
6(d)	Mai Statement of corrected profit for the year ended 31 March 2018 \$ 4150 Profit for the year before corrections Increase in profit \$ Decrease in profit \$ Error 1 150 (1) Error 2 No effect (1) Error 3 1 000 (1) Error 4 180 (2)* 180 1 150 970 Corrected profit for the year 3 180 (1)OF * (1) position + (1) amount	6