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Cambridge Assessment International Education
Cambridge International General Certificate of Secondary Education

ACCOUNTING

0452/22

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 **12** printed pages.



Cambridge Assessment
International Education

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)	This represents an overdraft/what the trader owes the bank on that date	1																																								
1(a)(ii)	To restore the petty cash balance to the imprest amount	1																																								
1(a)(iii)	3%	1																																								
1(a)(iv)	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)	1																																								
1(a)(v)	This is a contra entry (1) Money has been transferred from the cash into the bank account (1)	2																																								
1(a)(vi)	Money was received from selling goods for \$1100. Of this, \$220 was paid into the cash account and \$880 paid into bank account.	1																																								
1(b)	Cash balance \$290 (1) Current asset (1) Bank balance \$4027 (1) Current liability (1)	4																																								
1(c)	Rajinder Sales account <table><tr><th>Date</th><th>Details</th><th>\$</th><th>Date</th><th>Details</th><th>\$</th></tr><tr><td rowspan="3">2018 July 31</td><td rowspan="3">Income statement (1)OF</td><td>14 600</td><td rowspan="3">2018 June 30 July 29</td><td rowspan="3">Total to date Cash/bank (1)</td><td>13 500</td></tr><tr><td>14 600</td><td>1 100</td></tr><tr><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 rowspan="4">2018 July 27 31</td><td>Bank (1)</td><td>312</td><td rowspan="3">2018 July 1 14</td><td rowspan="3">Balance b/d Purchases</td><td>250</td></tr><tr><td>Discount (1)</td><td>8</td><td>440</td></tr><tr><td>Balance c/d</td><td>370</td><td>690</td></tr><tr><td></td><td></td><td>690</td><td>2018 Aug 1</td><td>Balance b/d (1)OF</td><td>370</td></tr></table>	Date	Details	\$	Date	Details	\$	2018 July 31	Income statement (1)OF	14 600	2018 June 30 July 29	Total to date Cash/bank (1)	13 500	14 600	1 100		14 600	Date	Details	\$	Date	Details	\$	2018 July 27 31	Bank (1)	312	2018 July 1 14	Balance b/d Purchases	250	Discount (1)	8	440	Balance c/d	370	690			690	2018 Aug 1	Balance b/d (1)OF	370	5
Date	Details	\$	Date	Details	\$																																					
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			690	2018 Aug 1	Balance b/d (1)OF	370																																				

Question	Answer						Marks																																				
1(d)	Rajinder Discount allowed account						3																																				
<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>196</td></tr><tr><td></td><td></td><td>196</td><td></td><td></td><td></td></tr><tr><td></td><td></td><td></td><td></td><td></td><td></td></tr></table>								Date	Details	\$	Date	Details	\$	2018			2018			June 30	Total to date (1)	178	July 31	Income statement (1)OF	196	July 31	Total for month (1)	18			196			196									
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July 31	Total for month (1)	18			196																																						
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Question	Answer	Marks																																																						
2(a)	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)	3																																																						
2(b)	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 Feb 1</td><td>Sales</td><td>600</td><td>2018 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 Aug 30</td><td>Total to date</td><td>710</td><td>2018 Aug 31</td><td>Income Statement</td><td></td></tr><tr><td>31</td><td>Mahinda (1)OF</td><td>456</td><td></td><td>(1)OF</td><td>1166</td></tr><tr><td></td><td></td><td>1166</td><td></td><td></td><td>1166</td></tr></table>	Date	Details	\$	Date	Details	\$	2018 Feb 1	Sales	600	2018 Feb 10	Sales returns	30				Aug 31	Bank (1)	114						456			600		Bad debts (1)	600	Date	Details	\$	Date	Details	\$	2018 Aug 30	Total to date	710	2018 Aug 31	Income Statement		31	Mahinda (1)OF	456		(1)OF	1166			1166			1166	4
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		1166			1166																																																			

Question	Answer	Marks																						
2(c)(i)	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)	1																						
2(c)(ii)	Customers may move to other suppliers May be reduction in sales Or other suitable response Any 1 disadvantage (1)	1																						
2(d)	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	2																						
2(e)	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 rowspan="4">2018 Aug 31</td><td rowspan="4">Income Statement (1)OF Balance c/d</td><td></td><td>2017 Sept 1</td><td rowspan="3">Balance b/d (1)</td><td>1326</td></tr><tr><td>276</td><td></td><td>1 326</td></tr><tr><td>1 050</td><td></td><td></td></tr><tr><td>1 326</td><td>2018 Sept 1</td><td>Balance b/d (1)</td><td>1 050</td></tr></table> + (1) dates	Date	Details	\$	Date	Details	\$	2018 Aug 31	Income Statement (1)OF Balance c/d		2017 Sept 1	Balance b/d (1)	1326	276		1 326	1 050			1 326	2018 Sept 1	Balance b/d (1)	1 050	4
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		1 050																						
		1 326	2018 Sept 1	Balance b/d (1)	1 050																			
2(f)	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)	2																						
2(g)	Prudence (1) Consistency (1)	2																						

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>	debit	credit	Bank (1)	Bad debts recovered (1)	debit	credit		Amaya	Bad debts recovered	(1)	Bank	Amaya	(1)	2
debit	credit														
Bank (1)	Bad debts recovered (1)														
debit	credit														
Amaya	Bad debts recovered	(1)													
Bank	Amaya	(1)													
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 rowspan="3">2018 April 1</td><td>Motor vehicle</td><td>14 500</td><td></td><td>(1)</td></tr><tr><td>Bank</td><td>15 500</td><td></td><td>(1)</td></tr><tr><td>Paul Capital</td><td></td><td>30 000</td><td>(1)</td></tr><tr><td rowspan="2">Sept 30</td><td>Ann Capital</td><td>5 000</td><td></td><td>(1)</td></tr><tr><td>Ann Current</td><td></td><td>5 000</td><td>(1)</td></tr></table>	Date	Details	Debit \$	Credit \$		2018 April 1	Motor vehicle	14 500		(1)	Bank	15 500		(1)	Paul Capital		30 000	(1)	Sept 30	Ann Capital	5 000		(1)	Ann Current		5 000	(1)	5
Date	Details	Debit \$	Credit \$																										
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Question	Answer	Marks																																																																																																																												
3(b)	Paul and Ann Profit and Loss Appropriation Account for the year ended 30 September 2018 <table><tr><td>Profit for the year:</td><td></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 rowspan="2">} (1)</td><td></td><td></td></tr><tr><td></td><td>Ann</td><td>550</td><td>1 000</td></tr><tr><td></td><td></td><td></td><td></td><td></td><td>12 350</td></tr><tr><td>Interest on capital:</td><td>Paul</td><td></td><td></td><td></td><td></td></tr><tr><td></td><td>4% · 50 000 · 6 / 12 = 1000(1)</td><td></td><td></td><td></td><td></td></tr><tr><td></td><td>4% · 80 000 · 6 / 12 = 1600(1)</td><td>2 600</td><td>*</td><td></td><td></td></tr><tr><td></td><td>Ann</td><td>3 400</td><td>(1)</td><td></td><td></td></tr><tr><td></td><td></td><td>6 000</td><td></td><td></td><td></td></tr><tr><td>Partner's salary:</td><td>Paul</td><td></td><td></td><td></td><td></td></tr><tr><td></td><td>7000 · 6 / 12 = 3500(1)</td><td></td><td></td><td></td><td></td></tr><tr><td></td><td>8000 · 6 / 12 = 4000(1)</td><td>7 500</td><td>**</td><td></td><td>13 500</td></tr><tr><td></td><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><td></td></tr><tr><td></td><td>Ann</td><td>575</td><td>(1)OF</td><td></td><td>(1 150)</td></tr><tr><td colspan="6">*Alternative calculation</td></tr><tr><td></td><td>4% · 50 000 · 12 / 12 = 2000(1)</td><td></td><td></td><td></td><td></td></tr><tr><td></td><td>4% · 30 000 · 6 / 12 = 600(1)</td><td></td><td></td><td></td><td></td></tr><tr><td colspan="6">**Alternative calculation</td></tr><tr><td></td><td>7000 · 12 / 12 = 7000(1)</td><td></td><td></td><td></td><td></td></tr><tr><td></td><td>1000 · 6 / 12 = 500(1)</td><td></td><td></td><td></td><td></td></tr></table>	Profit for the year:		\$		\$	11 350	Interest on drawings:	Paul	450	} (1)				Ann	550	1 000						12 350	Interest on capital:	Paul						4% · 50 000 · 6 / 12 = 1000(1)						4% · 80 000 · 6 / 12 = 1600(1)	2 600	*				Ann	3 400	(1)					6 000				Partner's salary:	Paul						7000 · 6 / 12 = 3500(1)						8000 · 6 / 12 = 4000(1)	7 500	**		13 500						(1 150)	Share of loss	Paul	575	(1)OF				Ann	575	(1)OF		(1 150)	*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)					8
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3(c)	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>	Date	Details	\$	Date	Details	\$	2018 Sept 30	Drawings (1)	9 000	2017 Oct 1	Balance b/d (1)	1 150		Int on Draw. (1)OF	450	2018 Sept 30	Int. on cap (1)OF	2 600		Share of loss (1)OF	575		Salary (1)OF	7 500		Balance c/d	1 825		Int. on loan (1)	600			11 850			11 850				2018 Oct 1	Balance b/d (1)OF	1 825	8																																																																																		
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Question	Answer				Marks
4(a)		Increase \$	Decrease \$	no effect	3
	total of current assets	80 000 (1)			
	total profit for the year		4000 (1)		
	total equity		4000 (1)		
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

Question	Answer	Marks																				
5(a)	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 $\frac{16\,200}{192\,000} \times \frac{365}{1}$ (1) whole formula = 31 days (1) Trade payables payment period $\frac{16\,500}{154\,500} \times \frac{365}{1}$ (1) whole formula = 39 days (1)	8																				
5(b)	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	2																				
5(c)	<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>		increase	decrease	no effect	introduce \$4000 additional capital in order to pay off the bank overdraft	✓(1)			sell half the inventory at cost price to a cash purchaser			✓(1)	convert a \$10 000 long-term bank loan into a bank overdraft		✓(1)		increase the bank overdraft by \$16 500 in order to repay the trade payables			✓(1)	4
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increase the bank overdraft by \$16 500 in order to repay the trade payables			✓(1)																			
5(d)	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)	2																				

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

Question	Answer	Marks																																																									
6(a)	<table><tr><th colspan="2">Calculation of purchases</th><th>\$</th></tr><tr><td>Cheques paid to credit suppliers</td><td></td><td>33 150 (1)</td></tr><tr><td>Discount recived</td><td></td><td>850 (1)</td></tr><tr><td>Returns to credit suppliers</td><td></td><td>1 670 (1)</td></tr><tr><td>Amounts owing to credit suppliers 30 september 2018</td><td></td><td>3 180 (1)</td></tr><tr><td>Cash withdrawn from bank for purchases</td><td></td><td>4 820 (1)</td></tr><tr><td>Total purchases for the year</td><td></td><td>43 670 (1) OF</td></tr></table> Alternative presentation <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> Total purchases – Credit: 38 850 Cash: 4 820 (1) <u>43 670 (1)OF</u>	Calculation of purchases		\$	Cheques paid to credit suppliers		33 150 (1)	Discount recived		850 (1)	Returns to credit suppliers		1 670 (1)	Amounts owing to credit suppliers 30 september 2018		3 180 (1)	Cash withdrawn from bank for purchases		4 820 (1)	Total purchases for the year		43 670 (1) OF	Date	Details	\$	Date	Details	\$	2018 Sept 30	Bank (1)	33 150	2018 Sept 30	Purchases	38 850		Discount Recd. (1)	850					Returns outward (1)	1 670					Balance c/d (1)	3 180						38 850			38 850	6
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6(c)	Priti Income Statement for the year ended 30 September 2018 <table><tr><td></td><td>\$</td><td></td><td>\$</td><td></td></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>		\$		\$		Revenue			48 500	(1)	Cost of Sales					Purchases	43 670	(1)OF			Less Purchases returns	1 670	(1)				42 000				Less Closing inventory	3 200	(2)CF					(1)OF	38 800		Gross profit			9 700	(1)	Discount received			850	(1)				10 550		Expenses (5090 (1) OF + 120 (1))	5 210				Depreciation of non-current assets	1 940	(1)	7 150		Profit for the year			3 400	(1)OF	11
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6(d)	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)	2																																																																						