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Cambridge Assessment International Education
Cambridge International General Certificate of Secondary Education

ACCOUNTING

0452/21

Paper 2

October/November 2019

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.



Cambridge Assessment
International Education

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.

PUBLISHED

Question	Answer										Marks
1(a)	Sophie Cash Book										9
	Date 2019	Details	Disc. \$	Cash \$	Bank \$	Date 2019	Details	Disc. \$	Cash \$	Bank \$	
	Aug 1	Balance b/d		250		Aug 1	Balance b/d			4010	
	17	Jack			156	2	Petty cash		94		
	24	Sales		3820		30	Bank		2000		
	29	Capital			5000	31	Ellie	(1) 22		858	
	30	Cash			2000		Bank charges	(1)		53	
	31	Jason	(1) 11		539		Jack (Dis. chq)	(1)		156	
		Bella	(1)		260		Insurance	(1)		50	
							Balance c/d		1976	2828	
2019 Sept 1	Balance b/d	11	4070	7955			22	4070	7955		
			1976 (1)OF	2828 (1)OF							
+ (1) OF totalling both discount columns											
1(b)	Bank overdraft/amount Sophie owed the bank										1
1(c)	Amount withdrawn from the cash to transfer to the petty cash book/amount given in cash to the petty cashier										1
1(d)	This is a contra entry (1) Money was transferred to the bank account from the cash account (1)										2

Question	Answer				Marks																															
1(e)	Sophie Bank Reconciliation Statement at 31 August 2019				5																															
	<table><tr><td>Balance on bank statement</td><td>(1)OF</td><td>\$</td><td>\$</td></tr><tr><td>Amounts not yet credited</td><td></td><td></td><td>1147</td></tr><tr><td> Cash</td><td>(1)</td><td>2000</td><td></td></tr><tr><td> Cheque – Jason</td><td>(1)OF</td><td><u>539</u></td><td><u>2539</u></td></tr><tr><td></td><td></td><td></td><td>3686</td></tr><tr><td>Cheque not yet presented</td><td></td><td></td><td></td></tr><tr><td> Ellie</td><td>(1)OF</td><td></td><td><u>858</u></td></tr><tr><td>Balance in cash book</td><td>(1)OF</td><td></td><td><u>2828</u></td></tr></table>					Balance on bank statement	(1)OF	\$	\$	Amounts not yet credited			1147	Cash	(1)	2000		Cheque – Jason	(1)OF	<u>539</u>	<u>2539</u>				3686	Cheque not yet presented				Ellie	(1)OF		<u>858</u>	Balance in cash book	(1)OF	
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Balance on bank statement	(1)OF																																			

Question	Answer	Marks
1(f)	Obtain the correct bank balance Identify errors in the bank columns of the cash book Identify errors on the bank statement Assist in discovering fraud and embezzlement Identify amounts/cheques not credited by the bank Identify cheques not presented Identify stale cheques Understand/reconcile the differences between the bank account/bank column in cash book and the bank statement Any 2 reasons (1) each	2
1(g)(i)	August 17 Cheque received from Jack 31 Return of dishonoured cheque to Jack 31 Cheque received from Jason 31 Discount allowed to Jason 31 Payment by credit transfer from Bella Any 1 transaction (1) mark	1
1(g)(ii)	August 31 Cheque paid to Ellie Discount received from Ellie Any 1 transaction (1) mark	1
1(g)(iii)	August 24 Sales 29 Capital 31 Bank charges Insurance Any 2 transactions (1) mark each	2

Question	Answer					Marks	
2(a)	CS Limited Statement of Changes in Equity for the year ended 30 September 2019					4	
	Details	Ordinary share capital \$	General reserve \$	Retained earnings \$	Total \$		
	On 1 October 2018	150 000	7 000	16 000	173 000		
	Profit for the year			15 000	15 000		(1)
	Final dividend paid			(6 000)	(6 000)		(1)
	Transfer to general reserve		5 000	(5 000)			(1)
	On 30 September 2019	150 000	12 000	20 000	182 000		(1)OF

Question	Answer				Marks
2(b)	CS Limited Statement of Financial Position at 30 September 2019				14
	Assets	\$ Cost	\$ Accumulated depreciation	\$ Book value	
	Non-current assets				
	Premises	172 000		172 000	
	Machinery	38 000	13 680	24 320 (1)	
	Fixtures and fittings	<u>19 500</u>	<u>3 900</u>	<u>15 600</u> (1)	
		<u>229 500</u>	<u>17 580</u>	<u>211 920</u> (1)	
	Current assets				
	Inventory				
	Trade receivables			14 360	
	Less provision for doubtful debts				
	Other receivables		16 800	16 296 (1)	
	Petty cash		<u>504</u>	110	
				<u>200</u> (1)	
				<u>30 966</u> (1)	
	Total assets			<u>242 886</u>	
Equity and liabilities					
Equity and reserves					
Ordinary shares			150 000		
General reserve			12 000 (1)OF		
Retained earnings			<u>20 000</u> (1)OF		
			<u>182 000</u> (1)OF		
			Continued		

Question	Answer				Marks
2(b)	Non-current liabilities 5% Debentures (repayable 1 October 2030) Current Liabilities Trade payables Other payables Bank overdraft Bank loan (repayable 1 April 2020) Total equity and liabilities			<u>25 000</u> (1) 14 866 198 (1) 10 822 (1) <u>10 000</u> (1) <u>35 886</u> (1) <u>242 886</u>	
2(c)	The difference between the two percentages represents the percentage of expenses to revenue (1) The lower the percentage the more efficiently the expenses are being controlled (1) Or other suitable comments Any 2 comments (1) each				2
2(d)	The profit earned for every \$100 used in the business				1
2(e)	The return on capital employed will decrease (1) because the capital employed will increase (1)				2

Question	Answer	Marks																																																								
3(a)	Yabani Income Statement for the year ended 30 September 2019 <table><thead><tr><th></th><th>\$</th><th>\$</th><th>\$</th></tr></thead><tbody><tr><td>Revenue</td><td></td><td></td><td>205 000 (1)</td></tr><tr><td>Cost of sales</td><td></td><td></td><td></td></tr><tr><td>Opening inventory of finished goods</td><td></td><td></td><td></td></tr><tr><td>Cost of production</td><td></td><td>21 340 (1)*</td><td></td></tr><tr><td>Purchases of finished goods</td><td></td><td>141 220 (1)</td><td></td></tr><tr><td>Carriage on finished goods</td><td>22 000 (1)OF</td><td></td><td></td></tr><tr><td></td><td><u>2 000 (1)</u></td><td><u>24 000</u></td><td></td></tr><tr><td>Closing inventory of finished goods</td><td></td><td>186 560 (1)OF</td><td></td></tr><tr><td>Gross profit</td><td></td><td><u>22 560*</u> both</td><td><u>164 000 (1)</u></td></tr><tr><td>Administration and selling expenses</td><td></td><td></td><td>41 000 (1)</td></tr><tr><td>Depreciation – delivery vehicle (20% · (19 500 – 3900))</td><td></td><td>22 120 (1)</td><td></td></tr><tr><td>office fixtures and fittings (10% · 14 100)</td><td></td><td>3 120 (1)</td><td></td></tr><tr><td>Profit for the year</td><td></td><td><u>1 410 (1)</u></td><td><u>26 650</u> <u>14 350 (1)OF</u></td></tr></tbody></table>		\$	\$	\$	Revenue			205 000 (1)	Cost of sales				Opening inventory of finished goods				Cost of production		21 340 (1)*		Purchases of finished goods		141 220 (1)		Carriage on finished goods	22 000 (1)OF				<u>2 000 (1)</u>	<u>24 000</u>		Closing inventory of finished goods		186 560 (1)OF		Gross profit		<u>22 560*</u> both	<u>164 000 (1)</u>	Administration and selling expenses			41 000 (1)	Depreciation – delivery vehicle (20% · (19 500 – 3900))		22 120 (1)		office fixtures and fittings (10% · 14 100)		3 120 (1)		Profit for the year		<u>1 410 (1)</u>	<u>26 650</u> <u>14 350 (1)OF</u>	12
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3(b)(i)	Gross profit increases (1) the cost of production reduces (1) OR Gross profit may decrease (1) if the raw materials are lower quality there may be more wastage and cost of production may increase (1) so OR Gross profit may decrease (1) If the finished goods are of a lower quality the customers may seek other suppliers so the revenue may decrease (1) Max 2	2																																																								
3(b)(ii)	Gross profit would increase (1) cost of goods sold would decrease (1) OR Gross profit may decrease (1) the total sales may reduce as customers go elsewhere if Yabani cannot supply these goods (1) Max 2	2																																																								

Question	Answer	Marks
3(b)(iii)	No effect on gross profit (1) the wages of the sales staff are a selling expense not a manufacturing expense/are not included in the calculation of the gross profit (1) OR Gross profit would reduce (1) reducing the number of sales staff may result in a reduction in sales (1) Max 2	2
3(b)(iv)	Gross profit would increase (1) the cost of production would decrease (1) OR gross profit may decrease (1) machine operators may take industrial action resulting in reduction of production/reduction in revenue (1) Max 2	2

Question	Answer				Marks
4(a)	Calculation of amount paid to credit suppliers				5
	Credit purchases	\$	\$		
	Less Returns to credit suppliers	1 980 (1)	38 450 (1)		
	Cash discount received	981 (1)			
	Amount owing to credit suppliers 31 July 2019	<u>3 770</u> (1)	<u>6 731</u>		
	Amount paid to credit suppliers		<u>31 719</u> OF(1)		
	Alternative presentation				
	Total trade payables account				
Date 2019 Aug 31	Details Returns (1) Discount (1) *Bank (1)OF Balance c/d (1)	\$ 1 980 981 31 719 <u>3 770</u> <u>38 450</u>	Date 2019 Aug 31	Details Purchases (1)	\$ 38 450 <u>38 450</u>

Question	Answer	Marks																											
4(b)	Calculation of credit sales <table><tr><td>Amount received from credit customers</td><td></td><td>\$ 47 385 (1)</td></tr><tr><td>Cash discount allowed</td><td></td><td>1 215 (1)</td></tr><tr><td>Bad debts</td><td></td><td>150 (1)</td></tr><tr><td>Amount owing by credit customers 31 July 2019</td><td></td><td><u>7 650 (1)</u></td></tr><tr><td>Credit sales</td><td></td><td><u>56 400 (1)OF</u></td></tr></table> Alternative presentation Total trade receivables account <table><tr><td>Date 2019 Aug 31</td><td>Details *Sales (1)OF</td><td>\$ 56 400</td><td>Date 2019 Aug 31</td><td>Details Bank (1) Discount (1) Bad debts (1) Balance c/d (1)</td><td>\$ 47 385 1 215 150 <u>7 650</u> <u>56 400</u></td></tr><tr><td></td><td></td><td><u>56 400</u></td><td></td><td></td><td></td></tr></table>	Amount received from credit customers		\$ 47 385 (1)	Cash discount allowed		1 215 (1)	Bad debts		150 (1)	Amount owing by credit customers 31 July 2019		<u>7 650 (1)</u>	Credit sales		<u>56 400 (1)OF</u>	Date 2019 Aug 31	Details *Sales (1)OF	\$ 56 400	Date 2019 Aug 31	Details Bank (1) Discount (1) Bad debts (1) Balance c/d (1)	\$ 47 385 1 215 150 <u>7 650</u> <u>56 400</u>			<u>56 400</u>				5
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		<u>56 400</u>																											
4(c)	Calculation of cash banked \$ Amount of cash sales 14 100 (1)OF Less Cash kept for personal use <u>3 000</u> Amount paid into bank for cash sales <u>11 100 (1)OF</u>	2																											

Question	Answer						Marks																																				
4(d)	Ishaq Bank account						8																																				
	<table><tr><td>Date 2018</td><td>Details</td><td>\$</td></tr><tr><td>Aug 1</td><td>Capital (1)</td><td>95 000</td></tr><tr><td>2019</td><td></td><td></td></tr><tr><td>July 31</td><td>Credit customers (1)</td><td>47 385</td></tr><tr><td></td><td>Sales (1)OF</td><td>11 100</td></tr><tr><td></td><td></td><td><u>153 485</u></td></tr></table>	Date 2018	Details	\$	Aug 1	Capital (1)		95 000	2019			July 31	Credit customers (1)	47 385		Sales (1)OF	11 100			<u>153 485</u>	<table><tr><td>Date 2018</td><td>Details</td><td>\$</td></tr><tr><td>Aug 1</td><td>Non-current assets (1)</td><td>70 000</td></tr><tr><td>2019</td><td></td><td></td></tr><tr><td>July 31</td><td>Operating expenses (1)</td><td>21 451</td></tr><tr><td></td><td>Credit suppliers (1)OF</td><td>31 719</td></tr><tr><td></td><td>*Drawings (1)OF</td><td>9 000</td></tr><tr><td></td><td>Balance c/d (1)</td><td><u>21 315</u></td></tr><tr><td></td><td></td><td><u>153 485</u></td></tr></table>	Date 2018	Details	\$	Aug 1	Non-current assets (1)	70 000	2019			July 31	Operating expenses (1)	21 451		Credit suppliers (1)OF	31 719		*Drawings (1)OF	9 000		Balance c/d (1)	<u>21 315</u>	
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4(e)(i)	Lower of cost and net realisable value						1																																				
4(e)(ii)	Prudence Or Accruals (matching)						1																																				
4(f)			overstated	understated		4																																					
	gross profit for the year ended 31 July 2019			✓(1)																																							
	current assets at 31 July 2019			✓(1)																																							
	cost of sales for the year ending 31 July 2020			✓(1)																																							
	profit for the year ending 31 July 2020		✓(1)																																								

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5(b)	Credit customers paying early to take advantage of cash discount Increase in rate of cash discount Introduction of interest charge on overdue accounts Improved credit control Issue invoices/statements of account promptly Refusal of further supplies until outstanding balance paid Any 2 reasons (1) each	2																																																																																								

Question	Answer	Marks
5(c)	Have to wait longer for the money/could cause cash flow problems Increased risk of bad debts Or other suitable disadvantage Any 1 disadvantage (1)	1
5(d)	Opportunity to earn more cash discount/pay smaller amount Have to pay earlier/deprived of use of the money earlier/may create cash flow problems If credit customers delay in paying the business will have to use existing money to pay the credit suppliers if wish to earn the cash discount If cannot pay on time may be charged interest on overdue account If cannot pay on time relationship with suppliers may be damaged Will have little impact as is not earning the cash discount now Any two comments (1) each	2
5(e)	Capital expenditure Money spend on acquiring, improving and installing non-current assets (1) Capital receipt Amounts received which do not form part of the day-to-day trading activities (1) Revenue expenditure Money spent on the running of a business on a day-to-day basis (1) Revenue receipt Amounts received in the day-to-day trading activities and other items of income (1)	4

Question	Answer					Marks	
5(f)		effect on non-current assets			effect on profit for the year		9
		overstated \$	understated \$	no effect	overstated \$	understated \$	
	error 1		3000			3000	
	error 2	1630 (1)			1630 (1)		
	error 3			✓(1)	1280 *		
	error 4		1350*			1350*	
	*(1) position and (1) amount						