



ACCOUNTING

0452/12

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

Question	Answer	Marks																														
2(a)	<p>Reduces the number of entries in the ledger Acts as an aid for posting to the ledger Helps to gather and summarise accounting information e.g. total credit purchases Helps in the preparation of control accounts Groups together similar types of transactions Allows work to be divided between several people/train junior accountants To see as a list of transactions/reference purposes Accept other valid points.</p> <p>Any 2 reasons – 1 mark each</p>	Max 2																														
2(b)	1 Cash Book	1																														
	2 Purchases returns journal	1																														
	3 General journal or journa	1																														
2(c)	<table border="1" data-bbox="584 815 1688 1289"> <thead> <tr> <th></th> <th>Account(s) debited</th> <th>\$</th> <th>Account(s) credited</th> <th>\$</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Cash</td> <td>220</td> <td>Sales</td> <td>220</td> </tr> <tr> <td>2</td> <td>Jane</td> <td>440 (1)</td> <td>Purchases returns</td> <td>440 (1)</td> </tr> <tr> <td>3</td> <td>Motor vehicles Motor vehicle expenses</td> <td>12 100 (1) 300 (1)</td> <td>Speedy Motors Can have 2 entries here which add up to 12 400</td> <td>12 400 (1)</td> </tr> <tr> <td>4</td> <td>Bank Discount allowed</td> <td>392 (1) 8 (1)</td> <td>Tan</td> <td>400 (1)</td> </tr> <tr> <td>5</td> <td>Drawings</td> <td>120 (1)</td> <td>Purchases</td> <td>120 (1)</td> </tr> </tbody> </table>		Account(s) debited	\$	Account(s) credited	\$	1	Cash	220	Sales	220	2	Jane	440 (1)	Purchases returns	440 (1)	3	Motor vehicles Motor vehicle expenses	12 100 (1) 300 (1)	Speedy Motors Can have 2 entries here which add up to 12 400	12 400 (1)	4	Bank Discount allowed	392 (1) 8 (1)	Tan	400 (1)	5	Drawings	120 (1)	Purchases	120 (1)	10
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2(d)	(838) + 220 (1) + 392 (1) = 226 overdrawn/Cr or / (226) (1)	3																														
2(e)(i)	Sales ledger or trade receivables ledger	1																														

Question	Answer	Marks
2(e)(ii)	General or nominal ledger	1

Question	Answer	Marks																																																
3(a)	Kumu Purchase ledger control account	8																																																
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3(b)	$\frac{\text{Trade payables}}{\text{Credit purchases}} \times 365$	1																																																
3(c)	$\frac{22\,200}{180\,870} \times 365 \} (1) = 45 \text{ days } (1)$	2																																																

Question	Answer	Marks
3(d)	<p>Not satisfied (1) OF</p> <p>The payment period is longer than the standard terms allowed (1) OF</p>	2
3(e)	<p>An unsatisfactory payment period might make it difficult to obtain credit in the future Might get a poor credit rating/reputation Could affect the ability to make purchases from chosen suppliers If unable to make purchases may not be able to satisfy own customers May be charged interest for late payment Can't take advantage of cash discounts/discount received May refuse to supply</p> <p>Accept other valid points. Max 2, 1 mark per point</p>	Max 2
3(f)	$\left. \frac{92\,250}{205\,000} \right\} \times 100 \text{ (1)} = 45\% \text{ (1)}$	2
3(g)	<p>(\$205 000 + \$35 000) (1) – (26 400 + 180 870) (1) = \$32 730 (1) OF If answer = \$59 130 (2)</p> <p>Accept alternative calculations</p>	3
3(h)	$\frac{\text{Cost of sales}}{\text{Average inventory}}$	1
3(i)	$\left. \frac{205\,000}{(32\,730 \text{ OF} + 35\,000) \div 2} \right\} \text{ (1) OF} = 6.05 \text{ times (1) OF}$	2

Question	Answer	Marks
4(a)	<p>An accrual is an amount owing (1) for an expense incurred in the current (1) financial period. It will be included in the statement of financial position as a current liability (1).</p> <p>Accrued income is an amount earned (1) which will be received in the next (1) financial period. It will be included in the statement of financial position as a current asset (1).</p>	6
4(b)	<p>$(4 + 6 + 2) (1) \times \\$20 (1) = \\$240 (1)$</p> <p>Accept alternative calculations</p>	3
4(c)	<p>$\\$20\,200 - \\$240 (1) \text{ OF} = \\$19\,960 (1) \text{ OF}$</p>	2
4(d)	<p>Chandra has received income in advance which he has not yet earned It is a liability to Chandra as he owes the learners Chandra has prepaid income at the year-end Chandra has received other income Application of accruals (matching) principle/application of prudence/advance payments must be deducted from actual income</p> <p>Accept other valid points. Any 2 comments × 1 mark each</p>	2

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4(e)	<p style="text-align: center;">Statement of revised profit for the year ended 31 January 2018</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th></th> <th>No Effect</th> <th>Increase \$</th> <th>Decrease \$</th> <th>\$</th> </tr> </thead> <tbody> <tr> <td>Draft profit</td> <td></td> <td></td> <td></td> <td style="text-align: right;">8 760</td> </tr> <tr> <td>Error 1</td> <td></td> <td style="text-align: right;">100 (1)</td> <td></td> <td style="background-color: #cccccc;"></td> </tr> <tr> <td>Error 2</td> <td></td> <td></td> <td style="text-align: right;">600 (1)</td> <td style="background-color: #cccccc;"></td> </tr> <tr> <td>Error 3</td> <td></td> <td style="text-align: right;">89 (1)</td> <td></td> <td style="background-color: #cccccc;"></td> </tr> <tr> <td>Error 4</td> <td style="text-align: center;">✓ (1)</td> <td></td> <td></td> <td style="background-color: #cccccc;"></td> </tr> <tr> <td></td> <td></td> <td style="text-align: right;">189</td> <td style="text-align: right;">600</td> <td style="text-align: right;">(411)</td> </tr> <tr> <td>Corrected profit</td> <td></td> <td></td> <td></td> <td style="text-align: right;">8 349 (2) CF (1) OF</td> </tr> </tbody> </table>		No Effect	Increase \$	Decrease \$	\$	Draft profit				8 760	Error 1		100 (1)			Error 2			600 (1)		Error 3		89 (1)			Error 4	✓ (1)						189	600	(411)	Corrected profit				8 349 (2) CF (1) OF	6
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4(f)	<p>Business entity (1)</p> <p>Owner’s transactions should be kept separate from those of the business (1)</p>	2																																								

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4(g)	<p>Chandra is a sole trader, LQ is a limited company Different capital structure Different size, economies of scale Chandra is a new business, LQ is established The financial statements of Chandra will be for only one year, which will not show trends The financial statements may be for a year which is not typical The businesses may have different accounting policies/methods The businesses may have different operating policies The businesses may have different year ends The financial statements do not show non-monetary factors It may not be possible to obtain all the information needed to make comparisons</p> <p>Accept other valid points 1 mark per point, maximum 2</p>	2

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5(a)	<p style="text-align: center;">WB Sports Club Subscriptions account</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 15%;">Date 2018</th> <th style="width: 25%;">Details</th> <th style="width: 10%;"></th> <th style="width: 10%;">\$</th> <th style="width: 15%;">Date 2017</th> <th style="width: 25%;">Details</th> <th style="width: 10%;"></th> <th style="width: 10%;">\$</th> </tr> </thead> <tbody> <tr> <td>Mar 31</td> <td>Income and expenditure</td> <td>(1)</td> <td>5 000</td> <td>Apr 1</td> <td>Balance b/d</td> <td>(1)</td> <td>120</td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td>Mar 31</td> <td>Bank/cash</td> <td>(1)</td> <td>4 740</td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> <td>Balance c/d</td> <td>(1)</td> <td>140</td> </tr> <tr> <td></td> <td></td> <td></td> <td style="border-top: 1px solid black;">5 000</td> <td></td> <td></td> <td></td> <td style="border-top: 1px solid black;">5 000</td> </tr> <tr> <td>Apr 1</td> <td>Balance b/d</td> <td></td> <td>140</td> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table> <p>+ 1 dates</p>	Date 2018	Details		\$	Date 2017	Details		\$	Mar 31	Income and expenditure	(1)	5 000	Apr 1	Balance b/d	(1)	120					Mar 31	Bank/cash	(1)	4 740						Balance c/d	(1)	140				5 000				5 000	Apr 1	Balance b/d		140					5																								
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5(d)	It is the total of all the surpluses (1) made by the club less all the deficits (1) since the start of the club	2																																										

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		25 105																																																												
Liabilities																																																														
Trade payables	1 495		} (1)																																																											
Other payables	98																																																													
Capital at 31 December 2017		1 553																																																												
		23 552	(1) OF																																																											
6(b)	<table style="width: 100%; border-collapse: collapse;"> <tr> <td></td> <td style="text-align: right;">\$</td> <td></td> </tr> <tr> <td>Opening capital</td> <td style="text-align: right;">20 300</td> <td style="text-align: right;">(1)</td> </tr> <tr> <td>Add: Capital introduced</td> <td style="text-align: right;">5 500</td> <td style="text-align: right;">(1)</td> </tr> <tr> <td></td> <td style="text-align: right; border-top: 1px solid black;">25 800</td> <td></td> </tr> <tr> <td>Less: Drawings</td> <td style="text-align: right;">(2 700)</td> <td style="text-align: right;">(1)</td> </tr> <tr> <td></td> <td style="text-align: right; border-top: 1px solid black;">23 100</td> <td></td> </tr> <tr> <td>Less: closing capital</td> <td style="text-align: right;">(23 552)</td> <td style="text-align: right;">(1) OF</td> </tr> <tr> <td>Profit for the year</td> <td style="text-align: right; border-top: 1px solid black;">452</td> <td style="text-align: right;">(1) OF</td> </tr> </table> <p>Alternative presentation</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 15%;">Date</th> <th style="width: 35%;">Details</th> <th style="width: 10%;">\$</th> <th style="width: 15%;">Date</th> <th style="width: 35%;">Details</th> <th style="width: 10%;">\$</th> </tr> </thead> <tbody> <tr> <td>2017</td> <td></td> <td></td> <td>2017</td> <td></td> <td></td> </tr> <tr> <td>Dec 31</td> <td>Drawings (1)</td> <td style="text-align: right;">2 700</td> <td>Jan 1</td> <td>Balance b/d (1)</td> <td style="text-align: right;">20 300</td> </tr> <tr> <td></td> <td>Balance c/d (1) OF</td> <td style="text-align: right;">23 552</td> <td>Dec 31</td> <td>Motor vehicle (1)</td> <td style="text-align: right;">5 500</td> </tr> <tr> <td></td> <td></td> <td style="text-align: right; border-top: 1px solid black;">26 252</td> <td></td> <td>Profit of the year (1) OF</td> <td style="text-align: right;">452</td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> <td style="text-align: right; border-top: 1px solid black; border-bottom: 3px double black;">26 252</td> </tr> </tbody> </table> <p>Accept alternative calculations</p>		\$		Opening capital	20 300	(1)	Add: Capital introduced	5 500	(1)		25 800		Less: Drawings	(2 700)	(1)		23 100		Less: closing capital	(23 552)	(1) OF	Profit for the year	452	(1) OF	Date	Details	\$	Date	Details	\$	2017			2017			Dec 31	Drawings (1)	2 700	Jan 1	Balance b/d (1)	20 300		Balance c/d (1) OF	23 552	Dec 31	Motor vehicle (1)	5 500			26 252		Profit of the year (1) OF	452						26 252	5
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Question	Answer	Marks
6(c)	It shows the profit earned for each \$100 used in the business Or It shows how efficiently the capital is being employed Profit received as a % of capital employed	1
6(d)	$\frac{\text{Profit (for the year)}}{\text{Capital employed}} \times \frac{100}{1}$	1
6(e)	$\frac{452 \text{ OF}}{20\,300} \times \frac{100}{1} \text{ (1)} = 2.23\% \text{ (1) OF do need \%}$	2
6(f)	Siegfried started charging depreciation on non-current assets Siegfried wrote off more bad debts this year Increase in other expenses Decrease in other income Accept any valid reason. 1 mark per point, Max 1	1
6(g)	Easier/quicker/used to prepare financial statements/calculate profit Helps to check accuracy/arithmetic errors or detect/locate errors Helps to prevent fraud Easy reference Balances are more easily available More detail available in income statement Easier to calculate accounting ratios/measure performance Cheaper accountancy fees Maintains the principle of duality Accept other valid points 1 mark per point , Max 3	Max 3