



ACCOUNTING

0452/22

Paper 2

March 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 March 2018 series for most Cambridge IGCSE[®], Cambridge International A and AS Level components and some Cambridge O Level components.

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)	Assist in the location of errors Provide an instant total of trade receivables Prove the arithmetical accuracy of the sales ledger Enable a statement of financial position to be prepared quickly Provide a summary of transactions relating to trade receivables Help reduce fraud Any 2 advantages (1) each	2																																								
1(b)	Overpayment by a credit customer of the amount owing Credit customer failing to deduct available cash discount Credit customer returning goods after settling account Credit customer making payment in advance Any 2 reasons (1) each	2																																								
1(c)	<table><tr><td></td><td>debit</td><td>credit</td><td>no entry</td></tr><tr><td>opening balance owed to credit suppliers</td><td></td><td>✓ (1)</td><td></td></tr><tr><td>credit purchases</td><td></td><td>✓(1)</td><td></td></tr><tr><td>cash purchases</td><td></td><td></td><td>✓(1)</td></tr><tr><td>cash discount received</td><td>✓(1)</td><td></td><td></td></tr><tr><td>trade discount received</td><td></td><td></td><td>✓(1)</td></tr><tr><td>cheques paid to credit suppliers</td><td>✓(1)</td><td></td><td></td></tr><tr><td>interest charged by credit suppliers</td><td></td><td>✓(1)</td><td></td></tr><tr><td>returns to credit suppliers</td><td>✓(1)</td><td></td><td></td></tr><tr><td>contra between sales and purchases ledgers</td><td>✓(1)</td><td></td><td></td></tr></table>		debit	credit	no entry	opening balance owed to credit suppliers		✓ (1)		credit purchases		✓(1)		cash purchases			✓(1)	cash discount received	✓(1)			trade discount received			✓(1)	cheques paid to credit suppliers	✓(1)			interest charged by credit suppliers		✓(1)		returns to credit suppliers	✓(1)			contra between sales and purchases ledgers	✓(1)			9
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1(e)	Kamika Fuel2go account <table><tr><td>Date 2017 Mar 31</td><td>Details Bank (1) Discount received (1)</td><td>\$ 780 20</td><td>Date 2017 Feb 1 Dec 10</td><td>Details Balance b/d Fuel expenses (1)</td><td>\$ 800 3200</td></tr><tr><td>2018 Jan 31</td><td>Balance c/d</td><td>3200 4000</td><td></td><td></td><td>4000</td></tr><tr><td></td><td></td><td></td><td>2018 Feb 1</td><td>Balance b/d (1)OF</td><td>3200</td></tr></table> Fuel expenses account <table><tr><td>Date 2017 Feb 1</td><td>Details Balance (inventory) b/d</td><td>\$ 950</td><td>Date 2018 Jan 31</td><td>Details Income statement(1)OF Balance (inventory) c/d</td><td>\$ 3260 1100</td></tr><tr><td>Jun 4 Dec 10</td><td>Bank (1) Fuel2go (1)</td><td>210 3200 4 360</td><td></td><td></td><td>4360</td></tr><tr><td>2018 Feb 1</td><td>Balance (inventory) b/d (1)</td><td>1100</td><td></td><td></td><td></td></tr></table>	Date 2017 Mar 31	Details Bank (1) Discount received (1)	\$ 780 20	Date 2017 Feb 1 Dec 10	Details Balance b/d Fuel expenses (1)	\$ 800 3200	2018 Jan 31	Balance c/d	3200 4000			4000				2018 Feb 1	Balance b/d (1)OF	3200	Date 2017 Feb 1	Details Balance (inventory) b/d	\$ 950	Date 2018 Jan 31	Details Income statement(1)OF Balance (inventory) c/d	\$ 3260 1100	Jun 4 Dec 10	Bank (1) Fuel2go (1)	210 3200 4 360			4360	2018 Feb 1	Balance (inventory) b/d (1)	1100				9
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Question	Answer	Marks																					
2(a)	Ensures that the profit for the year is not overstated in the income statement (1) Ensures that the non-current assets are not overstated in the statement of financial position (1)	2																					
2(b)	Dipak Journal <table><tr><td></td><td>Debit \$</td><td>Credit \$</td><td></td></tr><tr><td>Motor vehicles</td><td>50 000</td><td></td><td>(1)</td></tr><tr><td>ZY Motors</td><td></td><td>50 000</td><td>(1)</td></tr></table>		Debit \$	Credit \$		Motor vehicles	50 000		(1)	ZY Motors		50 000	(1)	2									
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2(c)	<table><tr><td></td><td>\$</td><td></td></tr><tr><td>Cost</td><td>40 000</td><td></td></tr><tr><td>Depreciation to 30 November 2015</td><td>14 400</td><td></td></tr><tr><td>Book value at 30 November 2015</td><td><u>25 600</u></td><td></td></tr><tr><td>Depreciation for the year ended 30 November 2016</td><td>5 120</td><td>(1)</td></tr><tr><td>Book value at 30 November 2016</td><td><u>20 480</u></td><td></td></tr><tr><td>Depreciation for the year ended 30 November 2017</td><td>4 096</td><td>(1)</td></tr></table>		\$		Cost	40 000		Depreciation to 30 November 2015	14 400		Book value at 30 November 2015	<u>25 600</u>		Depreciation for the year ended 30 November 2016	5 120	(1)	Book value at 30 November 2016	<u>20 480</u>		Depreciation for the year ended 30 November 2017	4 096	(1)	2
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Question	Answer					Marks
2(g)	Dipak Journal					6
			Debit	Credit		
			\$	\$		
	1	Disposal of motor vehicle	40 000		(1)	
		Motor vehicles		40 000	(1)	
		Transferring cost of motor vehicle to disposal account			(1)	
	2	Provision for depreciation of motor vehicles	23 616		(1) OF	
		Disposal of motor vehicle		23 616	(1) OF	
		Transferring the accumulated depreciation on motor vehicle sold to the disposal account			(1)	

Question	Answer	Marks																														
3(a)	ND Sports Club Café Income Statement for the year ended 31 December 2017 <table> <thead> <tr> <th></th><th>\$</th><th>\$</th></tr> </thead> <tbody> <tr> <td>Revenue (sales)</td><td></td><td>9 520</td></tr> <tr> <td>Purchases (5760 (1) + 130 (1))</td><td>5 890</td><td></td></tr> <tr> <td>Closing inventory</td><td><u>970</u></td><td></td></tr> <tr> <td></td><td>4 920</td><td></td></tr> <tr> <td>Wages of assistant (4000 + 160 (1))</td><td>4 160</td><td></td></tr> <tr> <td>Rent and insurance (3700 – 1200/12 (1) x ¼ (1))</td><td>900</td><td></td></tr> <tr> <td>Depreciation – fixtures and fittings (20% × 3500)</td><td><u>700 (1)</u></td><td><u>10 680</u></td></tr> <tr> <td>Loss for the year</td><td></td><td><u>1 160 (1) OF</u></td></tr> </tbody> </table>		\$	\$	Revenue (sales)		9 520	Purchases (5760 (1) + 130 (1))	5 890		Closing inventory	<u>970</u>			4 920		Wages of assistant (4000 + 160 (1))	4 160		Rent and insurance (3700 – 1200/12 (1) x ¼ (1))	900		Depreciation – fixtures and fittings (20% × 3500)	<u>700 (1)</u>	<u>10 680</u>	Loss for the year		<u>1 160 (1) OF</u>	7			
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3(b)	ND Sports Club Income and Expenditure Account for the year ended 31 December 2017 <table> <thead> <tr> <th></th><th>\$</th><th>\$</th></tr> </thead> <tbody> <tr> <td>Subscriptions ((14 850 + 500(1)) – 350 (1)) (Or 300 (1) × 50 (1))</td><td></td><td>15 000</td></tr> <tr> <td>Net income from competition</td><td></td><td><u>710 (1)</u></td></tr> <tr> <td></td><td></td><td>15 710</td></tr> <tr> <td>Loss on café</td><td>1 160 (1) OF</td><td></td></tr> <tr> <td>Wages of sports coach</td><td>6 000 }</td><td></td></tr> <tr> <td>General club expenses</td><td>540 }(1)</td><td></td></tr> <tr> <td>Rent and insurance (3700 – 1200/12 (1) x ¾(1))</td><td>2 700</td><td></td></tr> <tr> <td>Depreciation – sports equipment (20% × 6200)</td><td><u>1 240 (1)</u></td><td><u>11 640</u></td></tr> <tr> <td>Surplus for the year</td><td></td><td><u>4 070 (1) OF</u></td></tr> </tbody> </table>		\$	\$	Subscriptions ((14 850 + 500(1)) – 350 (1)) (Or 300 (1) × 50 (1))		15 000	Net income from competition		<u>710 (1)</u>			15 710	Loss on café	1 160 (1) OF		Wages of sports coach	6 000 }		General club expenses	540 }(1)		Rent and insurance (3700 – 1200/12 (1) x ¾(1))	2 700		Depreciation – sports equipment (20% × 6200)	<u>1 240 (1)</u>	<u>11 640</u>	Surplus for the year		<u>4 070 (1) OF</u>	9
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Question	Answer	Marks
3(c)	Receipts from café sales Café suppliers Wages of café assistant Interest-free loan Sports equipment Café fixtures and fittings Any 1 item (1) Reason: For any of first three items – It relates to the café and appears in the café income statement (1) Reason: For any of the last three items – It is an asset/liability and appears in the statement of financial position (1)	2
3(d)	Depreciation of sports equipment Subscriptions accrued Loss on café Surplus/deficit Any 1 item (1) Reason – The depreciation is a non-monetary expense No money was received in respect of the subscriptions accrued The loss on the café was calculated in the income statement The surplus/deficit was calculated in the income and expenditure account Any 1 suitable reason for the item selected (1)	2
3(e)	The members of the club have not invested any capital/are not owners/are not shareholders (1) so there can be no dividends/profit share which represent a return on the amount invested (1)	2
3(f)	These would not raise the required amount within the time limit Or other suitable reason Any suitable reason (1)	1
3(g)	Long-term loan Mortgage Sponsorship Grants Donations Or other suitable source of long term funds Any 1 source (1)	1

Question	Answer					Marks	
4(a)	Amaira					15	
	Corrected Statement of Financial Position at 31 January 2018						
	Assets	\$		\$	\$		
	Non-current assets	Cost		Depreciation to date	Book value		
	Premises	85 000			85 000		
	Fixtures and fittings	40 000		19 520	20 480		(1)
	Motor vehicle	11 000		1 375	9 625		(1)OF
		<u>136 000</u>		<u>20 895</u>	<u>115 105</u>		
	Current assets						
	Inventory (18 000 + 2 000)				20 000		(1)
	Trade receivables			14 000			
	Less Provision for doubtful debts (3% × 14 000)			<u>420</u>	13 580		(1)OF
	Petty cash				<u>90</u>		(1)
					<u>33 670</u>		
	Total assets				<u>148 775</u>		
	Capital and liabilities						
	Capital						
	Opening balance				100 000		
	Plus Profit for the year (14 735 (1) – 1375 (1) – 150(1) + (450 – 420) (1))				<u>13 240</u>		*
					113 240		
	Less Drawings				<u>7 000</u>		(1)
					<u>106 240</u>		(1)OF
	Current liabilities						
Trade payables				15 144			
Bank overdraft (7 241 + 150)				7 391	(1)		
Loan – EasyLoans				<u>20 000</u>	(1)		
				<u>42 535</u>			
Total capital and liabilities				148 775			
* Accept calculation outside Statement							

Question	Answer	Marks																								
4(b)	Amaira Capital account <table><tr><th>Date 2018</th><th>Details</th><th>\$</th><th>Date 2017</th><th>Details</th><th>\$</th></tr><tr><td>Jan 31</td><td>Drawings (1) Balance c/d</td><td>7 000 106 240</td><td>Feb 1 2018 Jan 31</td><td>Balance b/d (1) Profit for year (1)OF</td><td>100 000 13 240</td></tr><tr><td></td><td></td><td>113 240</td><td></td><td></td><td>113 240</td></tr><tr><td></td><td></td><td></td><td>2018 Feb 1</td><td>Balance b/d (1)OF</td><td>106 240</td></tr></table> + (1) Dates	Date 2018	Details	\$	Date 2017	Details	\$	Jan 31	Drawings (1) Balance c/d	7 000 106 240	Feb 1 2018 Jan 31	Balance b/d (1) Profit for year (1)OF	100 000 13 240			113 240			113 240				2018 Feb 1	Balance b/d (1)OF	106 240	5
Date 2018	Details	\$	Date 2017	Details	\$																					
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		113 240			113 240																					
			2018 Feb 1	Balance b/d (1)OF	106 240																					
4(c)	To see if the business is likely to continue operating To assess job security To assess likelihood of wage increases Or other suitable reason Any 2 reasons (1) each	2																								
4(d)	Any points listed in (c) above provided not awarded in that section To compare results with previous years To compare results with other businesses To assess past performance To see where improvements can be made/take remedial action To compare with budgets and forecasts Or other suitable reason Any 2 reasons (1) each	2																								

Question	Answer	Marks																																																						
5(a)	ABC Limited Statement of Changes in Equity for the year ended 31 December 2017 <table><tr><td></td><td>Ordinary share capital \$</td><td>General reserve \$</td><td>Retained earnings \$</td><td>Total \$</td><td></td></tr><tr><td>On 1 January 2017</td><td>180 000</td><td>25 000</td><td>9 500</td><td>214 500</td><td></td></tr><tr><td>Share issue</td><td>20 000</td><td>.....</td><td>.....</td><td>20 000</td><td>1</td></tr><tr><td>Profit for the year</td><td>.....</td><td>.....</td><td>21 000</td><td>21 000</td><td>1</td></tr><tr><td>Final dividend paid for year ended 31 December 2016</td><td>.....</td><td>.....</td><td>(7 200)</td><td>(7 200)</td><td>1</td></tr><tr><td>Interim dividend for the year ended 31 December 2017</td><td>.....</td><td>.....</td><td>(6 000)</td><td>(6 000)</td><td>1</td></tr><tr><td>Transfer to general reserve</td><td>.....</td><td>2 000</td><td>(2 000)</td><td>.....</td><td>1</td></tr><tr><td>At 31 December 2017</td><td>200 000</td><td>27 000</td><td>15 300</td><td>242 300</td><td>1</td></tr><tr><td></td><td></td><td></td><td></td><td></td><td></td></tr></table>		Ordinary share capital \$	General reserve \$	Retained earnings \$	Total \$		On 1 January 2017	180 000	25 000	9 500	214 500		Share issue	20 000			20 000	1	Profit for the year			21 000	21 000	1	Final dividend paid for year ended 31 December 2016			(7 200)	(7 200)	1	Interim dividend for the year ended 31 December 2017			(6 000)	(6 000)	1	Transfer to general reserve		2 000	(2 000)		1	At 31 December 2017	200 000	27 000	15 300	242 300	1							6
	Ordinary share capital \$	General reserve \$	Retained earnings \$	Total \$																																																				
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At 31 December 2017	200 000	27 000	15 300	242 300	1																																																			
5(b)	Increase in gross profit Decrease in expenses/better control of expenses Increase in other income Different type of expenses Or other suitable reason Any 2 reasons (1) each	2																																																						
5(c)	2017 (1) In 2016 the percentage of expenses to revenue was 20%: in 2017 the percentage of expenses to revenue was 16% (1)s	2																																																						
5(d)	<table><tr><td rowspan="2">proposal</td><td colspan="3">effect on percentage of profit for the year to revenue</td></tr><tr><td>increase</td><td>decrease</td><td>no effect</td></tr><tr><td>reduce number of employees to reduce the wages bill</td><td>✓ (1)</td><td></td><td></td></tr><tr><td>purchase supplies in bulk to get trade discount</td><td>✓ (1)</td><td></td><td></td></tr><tr><td>purchase supplies on a cash basis only</td><td></td><td></td><td>✓ (1)</td></tr><tr><td>delay payment of rent of premises</td><td></td><td></td><td>✓ (1)</td></tr></table>	proposal	effect on percentage of profit for the year to revenue			increase	decrease	no effect	reduce number of employees to reduce the wages bill	✓ (1)			purchase supplies in bulk to get trade discount	✓ (1)			purchase supplies on a cash basis only			✓ (1)	delay payment of rent of premises			✓ (1)	4																															
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Question	Answer	Marks																				
5(e)	The company had to wait longer to receive the money from the trade receivables. Delay in receiving the money may be the reason why company took longer to pay trade payables. Company would not qualify for cash discount in 2017. Company would not have to allow cash discount in 2017. Company may be charged interest on late payments in 2017. Company may charge interest on late receipts in 2017. In both years the company was paying the trade payables before receiving money from the trade receivables Or other suitable comment Any 2 comments (1) each	2																				
5(f)	Offer cash discount for prompt payment Charge interest on overdue accounts Improve credit control Issue invoices and monthly statements promptly Refuse further supplies until outstanding balance is paid Invoice discounting and debt factoring Any 2 points (1) each	2																				
5(g)	Reduce credit sales/sell for cash only Obtain references from new credit customers Fix a credit limit for each customer Improve credit control Issue invoices and monthly statements promptly Refuse further supplies until outstanding balance is paid Offer cash discount for prompt payment Charge interest on overdue accounts Any 2 points (1) each	2																				
5(h)	Have to wait longer for the money Increased risk of bad debts Or other suitable disadvantage Any 1 disadvantage (1)	1																				
5(i)	Do not have to allow cash discount May charge interest on overdue accounts Or other suitable advantage Any 1 advantage (1)	1																				
5(j)	The profit earned for every \$100 used in the business	1																				
5(k)	<table><tr><td></td><td colspan="3">effect on return on capital employed (ROCE)</td></tr><tr><td></td><td>increase</td><td>decrease</td><td>no effect</td></tr><tr><td>reduce cost of insuring motor vehicles</td><td>✓ (1)</td><td></td><td></td></tr><tr><td>issue more ordinary shares</td><td></td><td>✓ (1)</td><td></td></tr><tr><td>obtain a short-term interest-free loan from a director</td><td></td><td></td><td>✓ (1)</td></tr></table>		effect on return on capital employed (ROCE)				increase	decrease	no effect	reduce cost of insuring motor vehicles	✓ (1)			issue more ordinary shares		✓ (1)		obtain a short-term interest-free loan from a director			✓ (1)	3
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