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 document consists of **17** printed pages.

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><th></th><th>non-current assets</th><th>current assets</th><th>non-current liabilities</th><th>current liabilities</th></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)**	**3**
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**

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(c)</td><td>
<table>
<tr><td>interested party</td><td>reason for their interest</td></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</td><td>6</td></tr>
<tr><td>2(d)</td><td>Physical deterioration
Economic reasons
Passage of time
Obsolescence
Depletion
Any 2 (1) each</td><td>2</td></tr>
</table>

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(e)</td><td>
<table>
<tr><th></th><th>True or False</th></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>
</td><td>4</td></tr>
<tr><td>2(f)</td><td>Comparability
Relevance
Reliability
Understandability
Any 1 objective (1)</td><td>1</td></tr>
<tr><td>2(g)</td><td>
<table>
<tr><th></th><th>Accounting principle</th></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>
</td><td>4</td></tr>
</table>

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 $
	2018							
80	*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				
80	30	Balance c/d		80				
5	May 1	Balance b/d	**(1)**					

+ (1) Totalling analysis columns
(1) Totalling total columns
(1) Dates

Question	Answer	Marks
3(d)		**3**

debit	$	credit	$
petty cash (book) **(1)**	75	cash/bank/cash book **(1)**	75

+ (1) for 2 equal OFs from (c)

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>3(e)</td><td>Amira
Computer supplies account
<table>
<tr><th>Date</th><th>Details</th><th>$</th><th>Date</th><th>Details</th><th>$</th></tr>
<tr><td>2018
April 30</td><td>Petty cash (1)</td><td>20</td><td></td><td></td><td></td></tr>
</table></td><td>1</td></tr>
<tr><td>3(f)</td><td>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</td><td>2</td></tr>
<tr><td>3(g)</td><td>Amira
Cash Book (bank columns) only
<table>
<tr><th>Date</th><th>Details</th><th>$</th><th>Date</th><th>Details</th><th>$</th></tr>
<tr><td><i>2018</i>
<i>April 30</i></td><td><i>Balance b/d</i></td><td><i>17 620</i></td><td>2018
April</td><td>Bank charges (1)</td><td>28</td></tr>
<tr><td></td><td>(Cash book) error* (1)</td><td>100</td><td>30</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></td><td>5</td></tr>
</table>

Question	Answer	Marks
3(h)	Amira Bank Reconciliation Statement at 30 April 2018 $ 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)** Balance shown in cash book 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)** Balance shown on bank statement 17 695 **(1) OF**	**4**
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**

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>4(a)</td><td>

Harry
AX Limited account

<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><i>2018</i></td><td></td><td></td></tr>
<tr><td>Mar 4</td><td>Bank (1)</td><td>2 425</td><td><i>Mar 1</i></td><td><i>Balance b/d</i></td><td><i>2 500</i></td></tr>
<tr><td></td><td>Discount (received) (1)</td><td>75</td><td>15</td><td>Purchases (1)</td><td>2 600</td></tr>
<tr><td>17</td><td>Purchases returns (1)</td><td>360</td><td></td><td></td><td></td></tr>
<tr><td>31</td><td>Balance c/d</td><td>2 240</td><td></td><td></td><td></td></tr>
<tr><td></td><td></td><td>5 100</td><td></td><td></td><td>5 100</td></tr>
<tr><td></td><td></td><td></td><td>2018</td><td></td><td></td></tr>
<tr><td></td><td></td><td></td><td>Apl 1</td><td>Balance b/d (1)OF</td><td>2 240</td></tr>
</table>

FM Limited account

<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><i>2018</i></td><td></td><td></td></tr>
<tr><td>Mar 28</td><td>Purchases returns (1)</td><td></td><td><i>Mar 1</i></td><td><i>Balance b/d</i></td><td><i>750</i></td></tr>
<tr><td></td><td></td><td>170</td><td>24</td><td>Purchases (1)</td><td>1 547</td></tr>
<tr><td>30</td><td>Bank (1)</td><td>2 127</td><td></td><td></td><td></td></tr>
<tr><td></td><td></td><td>2 297</td><td></td><td></td><td>2 297</td></tr>
</table>

</td><td>12</td></tr>
</table>

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>4(a)</td><td>
Purchases account
<table>
<tr><th>Date</th><th>Details</th><th>$</th><th>Date</th><th>Details</th><th>$</th></tr>
<tr><td><i>2018</i></td><td></td><td></td><td>2018</td><td></td><td></td></tr>
<tr><td><i>Feb 28</i></td><td><i>Total to date</i></td><td><i>43 000</i></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</th><th>Details</th><th>$</th><th>Date</th><th>Details</th><th>$</th></tr>
<tr><td>2018</td><td></td><td></td><td><i>2018</i></td><td></td><td></td></tr>
<tr><td>Mar 31</td><td>Income statement (1)</td><td>5 550</td><td><i>Feb 28</i></td><td><i>Total to date</i></td><td><i>5 020</i></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>
</td><td></td></tr>
<tr><td>4(b)(i)</td><td>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)</td><td>1</td></tr>
<tr><td>4(b)(ii)</td><td>$\frac{650}{3250} \times \frac{100}{1} = 20\%$ (1)</td><td>1</td></tr>
<tr><td>4(c)(i)</td><td>Sales invoice</td><td>1</td></tr>
<tr><td>4(c)(ii)</td><td>Debit note</td><td>1</td></tr>
<tr><td>4(c)(iii)</td><td>Statement of account</td><td>1</td></tr>
</table>

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>5(a)(i)</td><td>Goods remaining (at the year-end) which were purchased for converting into finished goods (1)
Example – fabric, thread, buttons, zips, etc. (1)</td><td>2</td></tr>
<tr><td>5(a)(ii)</td><td>Goods which are partly made (at the end of the year) (1)
Example – partly made shirt/blouse/jeans/etc. (1)</td><td>2</td></tr>
<tr><td>5(a)(iii)</td><td>Completed clothes which are awaiting sale (1)
Example – completed shirt/blouse/jeans/etc. (1)</td><td>2</td></tr>
<tr><td>5(b)</td><td>Addae
Manufacturing Account for the year ended 31 January 2018
<table>
<tr><th></th><th>$</th><th></th><th>$</th><th></th></tr>
<tr><td>Cost of materials used</td><td></td><td></td><td></td><td></td></tr>
<tr><td>Purchases of raw materials</td><td>48 400</td><td></td><td></td><td></td></tr>
<tr><td>Carriage inwards</td><td>1 950</td><td>(1)</td><td>50 350</td><td></td></tr>
<tr><td>Less Closing inventory of raw materials</td><td></td><td></td><td>5 150</td><td></td></tr>
<tr><td></td><td></td><td></td><td>45 200</td><td>(1)</td></tr>
<tr><td>Direct factory wages</td><td></td><td></td><td>38 800</td><td>(1)</td></tr>
<tr><td>Prime cost</td><td></td><td></td><td>84 000</td><td>(1)</td></tr>
<tr><td>Factory overheads</td><td></td><td></td><td></td><td></td></tr>
<tr><td>Indirect factory wages</td><td>27 140</td><td>}*</td><td></td><td></td></tr>
<tr><td>General factory expenses</td><td>3 150</td><td>}*</td><td></td><td></td></tr>
<tr><td>Factory heat and light</td><td>1 110</td><td>}*</td><td></td><td></td></tr>
<tr><td>Factory insurance</td><td>1 860</td><td>}*</td><td></td><td></td></tr>
<tr><td>Depreciation (factory) machinery</td><td>15 000</td><td>(1)</td><td>48 260</td><td></td></tr>
<tr><td></td><td></td><td></td><td>132 260</td><td>(1)</td></tr>
<tr><td>Less Closing work in progress</td><td></td><td></td><td>7 260</td><td>(1)</td></tr>
<tr><td>Cost of production</td><td></td><td></td><td>125 000</td><td>(1)</td></tr>
</table></td><td>10</td></tr>
</table>

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**

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>6(a)</td><td>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</td><td>2</td></tr>
<tr><td>6(b)</td><td>
<table>
<tr><td colspan="2" rowspan="3">error</td><td colspan="6">entries required to correct the error</td></tr>
<tr><td colspan="2">debit</td><td></td><td colspan="2">credit</td><td></td></tr>
<tr><td>account</td><td>$</td><td></td><td>account</td><td>$</td><td></td></tr>
<tr><td>1</td><td>motor expenses, $150, debited to motor vehicles account</td><td><i>motor expenses</i></td><td><i>150</i></td><td></td><td><i>motor vehicles</i></td><td><i>150</i></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>
</td><td>6</td></tr>
<tr><td>6(c)</td><td>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)</td><td>2</td></tr>
</table>

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