Cambridge Assessment International Education
Cambridge International General Certificate of Secondary Education

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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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**

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(a)</td><td>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.

Any 2 reasons – 1 mark each</td><td>Max 2</td></tr>
<tr><td>2(b)</td><td>1 Cash Book</td><td>1</td></tr>
<tr><td></td><td>2 Purchases returns journal</td><td>1</td></tr>
<tr><td></td><td>3 General journal or journa</td><td>1</td></tr>
<tr><td>2(c)</td><td>
<table>
<tr><th></th><th>Account(s) debited</th><th>$</th><th></th><th>Account(s) credited</th><th>$</th><th></th></tr>
<tr><td>1</td><td>Cash</td><td>220</td><td></td><td>Sales</td><td>220</td><td></td></tr>
<tr><td>2</td><td>Jane</td><td>440</td><td>(1)</td><td>Purchases returns</td><td>440</td><td>(1)</td></tr>
<tr><td>3</td><td>Motor vehicles
Motor vehicle expenses</td><td>12 100
300</td><td>(1)
(1)</td><td>Speedy Motors
Can have 2 entries here which add up to 12 400</td><td>12 400</td><td>(1)</td></tr>
<tr><td>4</td><td>Bank
Discount allowed</td><td>392
8</td><td>(1)
(1)</td><td>Tan</td><td>400</td><td>(1)</td></tr>
<tr><td>5</td><td>Drawings</td><td>120</td><td>(1)</td><td>Purchases</td><td>120</td><td>(1)</td></tr>
</table>
</td><td>10</td></tr>
<tr><td>2(d)</td><td>(838) + 220 (1) + 392 (1) = 226 overdrawn/Cr or / (226) (1)</td><td>3</td></tr>
<tr><td>2(e)(i)</td><td>Sales ledger or trade receivables ledger</td><td>1</td></tr>
</table>

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

Question	Answer	Marks
3(a)	Kumu Purchase ledger control account	8

Date	Details		$	Date	Details		$
2018				2017			
Apr 30	Discount received	**(1)**	330	May 1	Balance b/d	**(1)**	19 800
	Bank	**(2) CF (1) OF**	177 862	2018			
	Contra sales ledger	**(1)**	400	Apr 30	Interest charged	**(1)**	122
	Balance c/d	**(1)**	22 200		Credit purchases	**(1)**	180 870
			200 792				200 792
				May 1	Balance b/d		22 200

Question	Answer	Marks
3(b)	$\frac{\text{Trade payables}}{\text{Credit purchases}} \times 365$	1
3(c)	$\left.\frac{22\,200}{180\,870} \times 365\right\}$ **(1)** = 45 days **(1)**	2

Question	Answer	Marks
3(d)	Not satisfied **(1) OF** The payment period is longer than the standard terms allowed **(1) OF**	2
3(e)	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 **Accept other valid points.** **Max 2, 1 mark per point**	**Max 2**
3(f)	$\left.\frac{92\,250}{205\,000}\right\}$ x 100 **(1)** = 45% **(1)**	2
3(g)	(\$205 000 + \$35 000) **(1)** – (26 400 + 180 870) **(1)** = \$32 730 **(1) OF** If answer = \$59 130 **(2)** **Accept alternative calculations**	3
3(h)	$\frac{\text{Cost of sales}}{\text{Average inventory}}$	1
3(i)	$\left.\frac{205\,000}{(32\,730\ \textbf{OF} + 35\,000) \div 2}\right\}$ **(1) OF** = 6.05 times **(1) OF**	2

Question	Answer	Marks
4(a)	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)**. 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)**.	**6**
4(b)	(4 + 6 + 2) **(1)** × \$20 **(1)** = \$240 **(1)** **Accept alternative calculations**	**3**
4(c)	\$20 200 – \$240 **(1) OF** = \$19 960 **(1) OF**	**2**
4(d)	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 **Accept other valid points.** **Any 2 comments × 1 mark each**	**2**

Question	Answer	Marks
4(e)	Statement of revised profit for the year ended 31 January 2018 (see table below)	**6**
4(f)	Business entity **(1)** Owner's transactions should be kept separate from those of the business **(1)**	**2**

Statement of revised profit for the year ended 31 January 2018

	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**

Question	Answer	Marks
4(g)	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 **Accept other valid points** **1 mark per point, maximum 2**	**2**

Question	Answer	Marks
5(a)	WB Sports Club Subscriptions account	5

Date	Details		$	Date	Details		$
2018				2017			
Mar 31	Income and expenditure	**(1)**	5 000	Apr 1	Balance b/d	**(1)**	120
				2018			
				Mar 31	Bank/cash	**(1)**	4 740
					Balance c/d	**(1)**	140
			5 000				5 000
Apr 1	Balance b/d		140				

+ 1 dates

Question	Answer	Marks
5(b)	WB Sports Club Receipts and Payments Account for the year ended 31 March 2018	10

Date	Details		$	Date	Details		$
2017				2018			
Apr 1	Balance b/d	**(1)**	960	Mar 31	Rent	**(1)**	2 000
2018					Competition prizes	**(1)**	220
Mar	Subscriptions	**(1)**	4 740		General expenses	**(1)**	682
31	Competition entry fees	**(1)**	900		Insurance	**(1)**	430
	Donations	**(1)**	350		Sports equipment	**(1)**	2 760
					Balance c/d		858
			6 950				6 950
Apr 1	Balance b/d	**(1) OF**	858				

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>5(c)</td><td>
WB Sports Club
Statement of Financial Position at 31 March 2018
<table>
<tr><th></th><th>$</th><th></th><th>$</th><th></th></tr>
<tr><td>Non-current assets</td><td></td><td></td><td></td><td></td></tr>
<tr><td>Sports equipment at valuation</td><td></td><td></td><td>15 760</td><td>(1)</td></tr>
<tr><td>Current assets</td><td></td><td></td><td></td><td></td></tr>
<tr><td>Subscriptions owing</td><td>140</td><td>(1)</td><td></td><td></td></tr>
<tr><td>Other receivables</td><td>500</td><td>(1)</td><td></td><td></td></tr>
<tr><td>Bank</td><td>858</td><td>(1) OF</td><td>1 498</td><td></td></tr>
<tr><td>Total assets</td><td></td><td></td><td>17 258</td><td></td></tr>
<tr><td>Accumulated fund</td><td></td><td></td><td></td><td></td></tr>
<tr><td>Opening balance</td><td>15 563</td><td></td><td></td><td></td></tr>
<tr><td>Surplus for the year</td><td>1 568</td><td>(1)</td><td>17 131</td><td>(1)</td></tr>
<tr><td>Current liabilities</td><td></td><td></td><td></td><td></td></tr>
<tr><td>Other payables</td><td></td><td></td><td>127</td><td>(1)</td></tr>
<tr><td></td><td></td><td></td><td>17 258</td><td></td></tr>
</table>
</td><td>7</td></tr>
<tr><td>5(d)</td><td>It is the total of all the surpluses (1) made by the club less all the deficits (1) since the start of the club</td><td>2</td></tr>
</table>

Question	Answer	Marks
6(a)	see below	7

		$	$	
Assets				
Equipment	(18 000 – 3 600)		14 400	**(1)**
Motor vehicle			5 500	**(1)**
Inventory			2 934	**(1)**
Other receivables			120	
Trade receivables	(2 042 – 100)		1 942	**(1)**
Bank			209	**(1)**
			25 105	
Liabilities				
Trade payables		1 495		**(1)**
Other payables		98	1 553	
Capital at 31 December 2017			23 552	**(1) OF**

Question	Answer	Marks
6(b)	see below	5

	$	
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**

Alternative presentation

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
					Profit of the year	**(1) OF**	452
			26 252				26 252

Accept alternative calculations

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)	$\frac{452\ \textbf{OF}}{20\,300} \times \frac{100}{1}$ **(1)** = 2.23% **(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**

