



ACCOUNTING

0452/23

Paper 2

May/June 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.

Cambridge International is publishing the mark schemes for the May/June 2019 series for most Cambridge IGCSE™, Cambridge International A and AS Level and Cambridge Pre-U components, and some Cambridge O Level components.

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(a)	Annabel Cash Book										13										
	Date 2019	Details		Disc. \$	Cash \$	Bank \$	Date 2019	Details		Disc. \$		Cash \$	Bank \$								
	April 1	Balance	b/d		150		April 1	Balance	b/d				988								
	8	Ellie	(1)	9		441	15	Ed	(1)	12			468								
	21	Caleb	(1)			310	25	Cash	(1)				200								
	25	Bank	(1)		200		27	Operating expenses	(1)			296									
	30	Carly	(1)	6		294	30	Caleb (dis chq)	(1)				310								
		Balance	c/d			1 003		Bank charges	(1)				82								
				15	350	2 048		Balance	c/d			54									
										12		350	2 048								
2019 May 1	Balance	b/d		54 (1)OF		2019 May 1	Balance	b/d			1003 (1)OF										
+ (1) totalling discount columns + (1) dates																					
1(b)	<table><tr><th>document</th><th>person issuing the document</th></tr><tr><td>invoice</td><td>Ed (1)</td></tr><tr><td>debit note</td><td>Annabel (1)</td></tr><tr><td>credit note</td><td>Ed (1)</td></tr><tr><td>statement of account</td><td>Ed (1)</td></tr></table>										document	person issuing the document	invoice	Ed (1)	debit note	Annabel (1)	credit note	Ed (1)	statement of account	Ed (1)	4
											document	person issuing the document									
											invoice	Ed (1)									
											debit note	Annabel (1)									
											credit note	Ed (1)									
											statement of account	Ed (1)									
1(c)	A debit note is sent by the customer to the supplier (1) to ask for a reduction in an invoice/when goods are returned (1)										4										
	A credit note is sent by the supplier to the customer (1) to notify of a reduction in an invoice/accept returns/accept request for reduction in an invoice (1)																				

Question	Answer	Marks
1(d)	To notify the customer of the amount outstanding/to remind the customer of the amount due To summarise the transactions for the month To provide the customer with a copy of their account for checking purposes Any 1 reason (1)	1

Question	Answer	Marks						
2(a)	NS Musical Society Subscriptions account <table><tr><td>Date 2018 Feb 1 2019 Jan 31</td><td>Details Balance b/d (1) Income and expenditure (1) Balance c/d</td><td>\$ 100 3 000 200 3 300</td><td>Date 2018 Feb 1 2019 Jan 31 2019 Feb 1</td><td>Details Balance b/d (1) *Bank/Cash (1) Balance b/d (1)</td><td>\$ 250 3 050 3 300 200</td></tr></table> + (1) dates	Date 2018 Feb 1 2019 Jan 31	Details Balance b/d (1) Income and expenditure (1) Balance c/d	\$ 100 3 000 200 3 300	Date 2018 Feb 1 2019 Jan 31 2019 Feb 1	Details Balance b/d (1) *Bank/Cash (1) Balance b/d (1)	\$ 250 3 050 3 300 200	7
Date 2018 Feb 1 2019 Jan 31	Details Balance b/d (1) Income and expenditure (1) Balance c/d	\$ 100 3 000 200 3 300	Date 2018 Feb 1 2019 Jan 31 2019 Feb 1	Details Balance b/d (1) *Bank/Cash (1) Balance b/d (1)	\$ 250 3 050 3 300 200			

Question	Answer	Marks																																																												
2(b)	NS Musical Society Receipts and Payments Account for the year ended 31 January 2019 <table><tr><td>Date 2019 Jan 31</td><td>Details</td><td>\$</td><td>Date 2018 Feb 1 2019 Jan 31</td><td>Details</td><td>\$</td></tr><tr><td></td><td>Subscriptions (1)OF</td><td>3 050</td><td></td><td>Balance b/d (1)</td><td>780</td></tr><tr><td></td><td>Concert tickets (1)</td><td>2 560</td><td></td><td>Rates (1)</td><td>2 000</td></tr><tr><td></td><td>Disposal of non-current assets (1)</td><td>100</td><td></td><td>Insurance (1)</td><td>700</td></tr><tr><td></td><td>Balance c/d</td><td>2 430</td><td></td><td>Concert expenses (1)</td><td>1 610</td></tr><tr><td></td><td></td><td></td><td></td><td>Musical Instruments (1)</td><td>1 050</td></tr><tr><td></td><td></td><td></td><td></td><td>*Missing amount (1)</td><td></td></tr><tr><td></td><td></td><td></td><td></td><td>(1)</td><td>2 000</td></tr><tr><td></td><td></td><td>8 140</td><td></td><td></td><td>8 140</td></tr><tr><td></td><td></td><td></td><td>2019 Feb 1</td><td>Balance b/d</td><td>2 340</td></tr></table> + (1) dates	Date 2019 Jan 31	Details	\$	Date 2018 Feb 1 2019 Jan 31	Details	\$		Subscriptions (1)OF	3 050		Balance b/d (1)	780		Concert tickets (1)	2 560		Rates (1)	2 000		Disposal of non-current assets (1)	100		Insurance (1)	700		Balance c/d	2 430		Concert expenses (1)	1 610					Musical Instruments (1)	1 050					*Missing amount (1)						(1)	2 000			8 140			8 140				2019 Feb 1	Balance b/d	2 340	11
Date 2019 Jan 31	Details	\$	Date 2018 Feb 1 2019 Jan 31	Details	\$																																																									
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2(c)	<table><tr><td>Item</td><td>\$</td></tr><tr><td>Concert</td><td>950 (1)</td></tr><tr><td>Insurance</td><td>2 400 (1)</td></tr><tr><td>Rates</td><td>600 (1)</td></tr><tr><td>Depreciation of musical instruments 10% × (3600 + 2100 – 120(1))</td><td>558 (1)OF</td></tr><tr><td>Sale of musical instrument</td><td>20 (1)</td></tr></table>	Item	\$	Concert	950 (1)	Insurance	2 400 (1)	Rates	600 (1)	Depreciation of musical instruments 10% × (3600 + 2100 – 120(1))	558 (1)OF	Sale of musical instrument	20 (1)	6																																																
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2(d)	The total amount receivable from members each year would increase by \$600 The annual surplus for the year would increase by \$600 This total receipts would increase by \$600 per annum if all the members paid their subscription in full each year This would reduce the overdraft by \$600 The existing overdraft would have only been \$430 if the theft had not occurred Membership may fall if the annual subscription is increased Or other suitable comments Any 3 comments (1) each	3

Question	Answer	Marks																																																																																																				
3(a)	Jamal Manufacturing Account for the year ended 28 February 2019 <table><thead><tr><th></th><th>\$</th><th></th><th>\$</th></tr></thead><tbody><tr><td>Cost of materials consumed</td><td></td><td></td><td></td></tr><tr><td>Purchases of raw materials</td><td>45 680</td><td></td><td></td></tr><tr><td>Less Purchases returns</td><td><u>1 030</u></td><td>(1)</td><td>44 650</td></tr><tr><td>Carriage on raw materials</td><td></td><td></td><td><u>3 240</u></td></tr><tr><td></td><td></td><td></td><td>(1)</td></tr><tr><td></td><td></td><td></td><td>47 890</td></tr><tr><td>Closing inventory of raw materials</td><td></td><td></td><td><u>4 150</u></td></tr><tr><td></td><td></td><td></td><td>43 740</td></tr><tr><td></td><td></td><td></td><td>(1)</td></tr><tr><td>Direct wages 29 750 (1) + 3040 (1)</td><td></td><td></td><td><u>32 790</u></td></tr><tr><td>Prime cost</td><td></td><td></td><td>76 530</td></tr><tr><td></td><td></td><td></td><td>(1)OF</td></tr><tr><td>Factory overheads</td><td></td><td></td><td></td></tr><tr><td>Indirect factory wages</td><td>18 750</td><td></td><td></td></tr><tr><td>Operating expenses (8250 + 550) (1) × 75% (1)</td><td>6 600</td><td></td><td></td></tr><tr><td>Insurance (3200 – 800) (1) × 75% (1)</td><td>1 800</td><td></td><td></td></tr><tr><td>Depreciation – factory machinery</td><td>8 800</td><td>(1)</td><td></td></tr><tr><td>loose tools</td><td><u>330</u></td><td>(1)</td><td>36 280</td></tr><tr><td></td><td></td><td></td><td>112 810</td></tr><tr><td></td><td></td><td></td><td>(1)OF</td></tr><tr><td>Closing work in progress</td><td></td><td></td><td><u>3 310</u></td></tr><tr><td></td><td></td><td></td><td>(1)</td></tr><tr><td>Cost of production</td><td></td><td></td><td>109 500</td></tr><tr><td></td><td></td><td></td><td>(1)OF</td></tr></tbody></table>		\$		\$	Cost of materials consumed				Purchases of raw materials	45 680			Less Purchases returns	<u>1 030</u>	(1)	44 650	Carriage on raw materials			<u>3 240</u>				(1)				47 890	Closing inventory of raw materials			<u>4 150</u>				43 740				(1)	Direct wages 29 750 (1) + 3040 (1)			<u>32 790</u>	Prime cost			76 530				(1)OF	Factory overheads				Indirect factory wages	18 750			Operating expenses (8250 + 550) (1) × 75% (1)	6 600			Insurance (3200 – 800) (1) × 75% (1)	1 800			Depreciation – factory machinery	8 800	(1)		loose tools	<u>330</u>	(1)	36 280				112 810				(1)OF	Closing work in progress			<u>3 310</u>				(1)	Cost of production			109 500				(1)OF	15
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Question	Answer					Marks																																													
3(b)	Jamal Income Statement (Trading section) for the year ended 28 February 2019 <table><tr><td></td><td>\$</td><td></td><td>\$</td><td></td></tr><tr><td>Revenue</td><td>143 500</td><td>(1)OF</td><td></td><td></td></tr><tr><td>Less Sales returns</td><td><u>2 250</u></td><td>(1)</td><td>141 250</td><td></td></tr><tr><td>Cost of sales</td><td></td><td></td><td></td><td></td></tr><tr><td>Cost of production</td><td>109 500</td><td>(1)OF</td><td></td><td></td></tr><tr><td>Purchases of finished goods</td><td><u>12 400</u></td><td>(1)</td><td></td><td></td></tr><tr><td></td><td>121 900</td><td></td><td></td><td></td></tr><tr><td>Closing inventory of finished goods</td><td><u>8 900</u></td><td>(1)</td><td><u>113 000</u></td><td>(1)OF</td></tr><tr><td>Gross profit</td><td></td><td></td><td><u>28 250</u></td><td>(1)OF</td></tr></table>						\$		\$		Revenue	143 500	(1)OF			Less Sales returns	<u>2 250</u>	(1)	141 250		Cost of sales					Cost of production	109 500	(1)OF			Purchases of finished goods	<u>12 400</u>	(1)				121 900				Closing inventory of finished goods	<u>8 900</u>	(1)	<u>113 000</u>	(1)OF	Gross profit			<u>28 250</u>	(1)OF	7
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3(c)	<table><tr><th>Error</th><th>effect on cost of production</th><th>effect on gross profit</th><th>effect on profit for the year</th></tr><tr><td>Returns of finished goods to the supplier, \$1 200, had not been recorded</td><td>no effect</td><td>understated</td><td>understated</td></tr><tr><td>Operating expenses accrued were \$850 not \$550</td><td>understated (1)</td><td>overstated (1)</td><td>overstated (1)</td></tr><tr><td>Salesman’s commission, \$1 850, had been included in indirect factory wages</td><td>overstated (1)</td><td>understated (1)</td><td>no effect (1)</td></tr></table>					Error	effect on cost of production	effect on gross profit	effect on profit for the year	Returns of finished goods to the supplier, \$1 200, had not been recorded	no effect	understated	understated	Operating expenses accrued were \$850 not \$550	understated (1)	overstated (1)	overstated (1)	Salesman’s commission, \$1 850, had been included in indirect factory wages	overstated (1)	understated (1)	no effect (1)	6																													
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Question	Answer	Marks																																								
4(a)	Shen Rates account <table><tr><td>Date 2018 Mar 31 Oct 31</td><td>Details Bank Bank</td><td rowspan="3">} (1)</td><td>\$ 640 720</td><td rowspan="3">Date 2018 Feb 1 2019 Jan 31</td><td rowspan="3">Details Balance b/d Income statement Balance c/d</td><td rowspan="3">(1)</td><td>\$ 240 960 160</td></tr><tr><td colspan="2"></td><td>1 360</td><td>1 360</td></tr><tr><td>2019 Feb 1</td><td>Balance b/d</td><td>(1)OF</td><td>160</td></tr></table> Commission receivable account <table><tr><td>Date 2018 Feb 1</td><td>Details Balance b/d</td><td rowspan="3">(1)</td><td>\$ 210</td><td rowspan="3">Date 2018 Mar 1 Aug 31 2019 Jan 31</td><td rowspan="3">Details Bank Cash Balance c/d</td><td rowspan="3">}(1)</td><td>\$ 210 95</td></tr><tr><td>2019 Jan 31</td><td>Income statement</td><td>209</td><td>114</td></tr><tr><td colspan="2"></td><td>419</td><td>419</td></tr><tr><td>2019 Feb 1</td><td>Balance b/d</td><td>(1)OF</td><td>114</td><td colspan="2"></td><td></td><td></td></tr></table> + (1) dates	Date 2018 Mar 31 Oct 31	Details Bank Bank	} (1)	\$ 640 720	Date 2018 Feb 1 2019 Jan 31	Details Balance b/d Income statement Balance c/d	(1)	\$ 240 960 160			1 360	1 360	2019 Feb 1	Balance b/d	(1)OF	160	Date 2018 Feb 1	Details Balance b/d	(1)	\$ 210	Date 2018 Mar 1 Aug 31 2019 Jan 31	Details Bank Cash Balance c/d	}(1)	\$ 210 95	2019 Jan 31	Income statement	209	114			419	419	2019 Feb 1	Balance b/d	(1)OF	114					9
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2019 Feb 1	Balance b/d	(1)OF	114																																							
4(b)	$\frac{(25\,850 - 5\,150)}{(1\,890 + 2\,040) / 2} = \frac{20\,700 \text{ (1)}}{1\,965 \text{ (1)}} = 10.53 \text{ times (1)}$	3																																								

Question	Answer	Marks
4(c)	If answer to 4(b) is below 11.50 times Unsatisfied (1) Goods are not being sold as quickly as in the previous year/lower sales/increased inventory (1) If answer to 4(b) is above 11.50 times Satisfied (1) Goods are being sold more quickly than in the previous year/increased sales/decreased inventory (1)	2
4(d)	Increase sales activity/higher sales Reduce level of inventory Or other suitable point Any 2 points (1) each	2
4(e)	To apply the principle of prudence To ensure that the profit for the year is not overstated To ensure that the inventory/current assets are not overstated To apply the principle of consistency To apply the principle of accruals (matching) Any 2 reasons (1) each	2

Question	Answer			Marks
4(f)		overstated	understated	4
	current assets at 31 January 2019	✓		
	gross profit for the year ended 31 January 2019	✓		
	capital at 31 January 2019	✓		
	cost of sales for the year ending 31 January 2020	✓		
	profit for the year ending 31 January 2020		✓	

Question	Answer	Marks
5(a)(i)	$\frac{7250}{118000} \times \frac{365}{1}$ } (1) whole formula = 22.43 = 23 days (1)	2
5(a)(ii)	Improve credit control Issue invoices and statements promptly Offer cash discount for prompt payment Charge interest on overdue accounts Refuse further supplies until outstanding balance is paid Invoice discounting and debt factoring Any two methods (1) each	2

Question	Answer	Marks
5(b)(i)	$\frac{6600}{94\,000} \times \frac{365}{1}$ } (1) whole formula = 25.63 = 26 days(1)	2
5(b)(ii)	If answer to 5(b)(i) is less than 30 days Is deprived of the use of the money within the business earlier than previously Relationship with trade payables may be improved May be entitled to cash discount Will avoid being charged interest on overdue accounts If answer to 5(b)(i) is more than 30 days Has use of money for a longer period Relationship with trade payables may deteriorate Will lose cash discount May be charged interest on overdue accounts Any 2 points (1) each	2
5(c)(i)	$\frac{(118\,000 - 94\,350)}{118\,000} \times \frac{100}{1} = \frac{23\,650}{118\,000} \times \frac{100}{1}$ } whole formula (1) = 20.04% (1)	2
5(c)(ii)	$\frac{9900}{118\,000} \times \frac{100}{1}$ } whole formula (1) = 8.39% (1)	2
5(c)(iii)	Either $\frac{14\,100}{271\,000} \times \frac{100}{1} = 5.20\%$ (1) Or $\frac{9900}{271\,000} \times \frac{100}{1} = 3.65\%$ (1)	2

Question	Answer	Marks																																
5(d)	Raj Statement of corrected profit for the year ended 31 March 2019 <table><tr><td></td><td></td><td></td><td>\$</td></tr><tr><td>Draft profit for the year before corrections</td><td></td><td></td><td>8 550</td></tr><tr><td></td><td>Increase in profit \$</td><td>Decrease in profit \$</td><td></td></tr><tr><td>Error 1</td><td>180</td><td>(2)*</td><td></td></tr><tr><td>Error 2</td><td></td><td>2 400</td><td>(2)*</td></tr><tr><td>Error 3</td><td></td><td>300</td><td>(2)*</td></tr><tr><td></td><td> 180 </td><td> 2 700 </td><td> 2 520 </td></tr><tr><td>Corrected profit for the year</td><td></td><td></td><td> 6 030 (1)OF</td></tr></table> * (1) for position and (1) for amount				\$	Draft profit for the year before corrections			8 550		Increase in profit \$	Decrease in profit \$		Error 1	180	(2)*		Error 2		2 400	(2)*	Error 3		300	(2)*		180	2 700	2 520	Corrected profit for the year			6 030 (1)OF	7
			\$																															
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