



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.

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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(a)	<p style="text-align: center;">Annabel Cash Book</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 10%;">Date 2019</th> <th style="width: 25%;">Details</th> <th style="width: 10%;">Disc. \$</th> <th style="width: 10%;">Cash \$</th> <th style="width: 10%;">Bank \$</th> <th style="width: 10%;">Date 2019</th> <th style="width: 25%;">Details</th> <th style="width: 10%;">Disc. \$</th> <th style="width: 10%;">Cash \$</th> <th style="width: 10%;">Bank \$</th> </tr> </thead> <tbody> <tr> <td>April 1</td> <td>Balance b/d</td> <td></td> <td>150</td> <td></td> <td>April 1</td> <td>Balance b/d</td> <td></td> <td></td> <td>988</td> </tr> <tr> <td>8</td> <td>Ellie (1)</td> <td>9</td> <td></td> <td>441</td> <td>15</td> <td>Ed (1)</td> <td>12</td> <td></td> <td>468</td> </tr> <tr> <td>21</td> <td>Caleb (1)</td> <td></td> <td></td> <td>310</td> <td>25</td> <td>Cash (1)</td> <td></td> <td></td> <td>200</td> </tr> <tr> <td>25</td> <td>Bank (1)</td> <td></td> <td>200</td> <td></td> <td>27</td> <td>Operating expenses (1)</td> <td></td> <td>296</td> <td></td> </tr> <tr> <td>30</td> <td>Carly (1)</td> <td>6</td> <td></td> <td>294</td> <td>30</td> <td>Caleb (dis chq) (1)</td> <td></td> <td></td> <td>310</td> </tr> <tr> <td></td> <td>Balance c/d</td> <td></td> <td></td> <td>1 003</td> <td></td> <td>Bank charges (1)</td> <td></td> <td></td> <td>82</td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td>Balance c/d</td> <td></td> <td>54</td> <td></td> </tr> <tr> <td></td> <td></td> <td>15</td> <td>350</td> <td>2 048</td> <td></td> <td></td> <td>12</td> <td>350</td> <td>2 048</td> </tr> <tr> <td>2019 May 1</td> <td>Balance b/d</td> <td></td> <td>54 (1)OF</td> <td></td> <td>2019 May 1</td> <td>Balance b/d</td> <td></td> <td></td> <td>1003 (1)OF</td> </tr> </tbody> </table> <p>+ (1) totalling discount columns + (1) dates</p>										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							Balance c/d		54				15	350	2 048			12	350	2 048	2019 May 1	Balance b/d		54 (1)OF		2019 May 1	Balance b/d			1003 (1)OF	13
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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

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2(a)	<p style="text-align: center;">NS Musical Society Subscriptions account</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: left;">Date</th> <th style="text-align: left;">Details</th> <th style="text-align: right;">\$</th> <th style="text-align: left;">Date</th> <th style="text-align: left;">Details</th> <th style="text-align: right;">\$</th> </tr> </thead> <tbody> <tr> <td>2018</td> <td></td> <td></td> <td>2018</td> <td></td> <td></td> </tr> <tr> <td>Feb 1</td> <td>Balance b/d (1)</td> <td style="text-align: right;">100</td> <td>Feb 1</td> <td>Balance b/d (1)</td> <td style="text-align: right;">250</td> </tr> <tr> <td>2019</td> <td></td> <td></td> <td>2019</td> <td></td> <td></td> </tr> <tr> <td>Jan 31</td> <td>Income and expenditure (1)</td> <td style="text-align: right;">3 000</td> <td>Jan 31</td> <td>*Bank/Cash (1)</td> <td style="text-align: right;">3 050</td> </tr> <tr> <td></td> <td>Balance c/d</td> <td style="text-align: right;">200</td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td></td> <td style="text-align: right; border-top: 1px solid black;">3 300</td> <td></td> <td></td> <td style="text-align: right; border-top: 1px solid black;">3 300</td> </tr> <tr> <td></td> <td></td> <td></td> <td>2019</td> <td></td> <td></td> </tr> <tr> <td></td> <td></td> <td></td> <td>Feb 1</td> <td>Balance b/d (1)</td> <td style="text-align: right;">200</td> </tr> </tbody> </table> <p>+ (1) dates</p>	Date	Details	\$	Date	Details	\$	2018			2018			Feb 1	Balance b/d (1)	100	Feb 1	Balance b/d (1)	250	2019			2019			Jan 31	Income and expenditure (1)	3 000	Jan 31	*Bank/Cash (1)	3 050		Balance c/d	200						3 300			3 300				2019						Feb 1	Balance b/d (1)	200	7
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2(d)	<p>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</p> <p>Or other suitable comments Any 3 comments (1) each</p>	3

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3(a)	<p style="text-align: center;">Jamal Manufacturing Account for the year ended 28 February 2019</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 60%;"></th> <th style="width: 10%; text-align: right;">\$</th> <th style="width: 10%;"></th> <th style="width: 10%; text-align: right;">\$</th> <th style="width: 10%;"></th> </tr> </thead> <tbody> <tr> <td>Cost of materials consumed</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Purchases of raw materials</td> <td style="text-align: right;">45 680</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Less Purchases returns</td> <td style="text-align: right;"><u>1 030</u></td> <td style="text-align: right;">(1)</td> <td style="text-align: right;">44 650</td> <td></td> </tr> <tr> <td>Carriage on raw materials</td> <td></td> <td></td> <td style="text-align: right;"><u>3 240</u></td> <td style="text-align: right;">(1)</td> </tr> <tr> <td></td> <td></td> <td></td> <td style="text-align: right;">47 890</td> <td></td> </tr> <tr> <td>Closing inventory of raw materials</td> <td></td> <td></td> <td style="text-align: right;"><u>4 150</u></td> <td></td> </tr> <tr> <td></td> <td></td> <td></td> <td style="text-align: right;">43 740</td> <td style="text-align: right;">(1)</td> </tr> <tr> <td>Direct wages 29 750 (1) + 3040 (1)</td> <td></td> <td></td> <td style="text-align: right;"><u>32 790</u></td> <td></td> </tr> <tr> <td>Prime cost</td> <td></td> <td></td> <td style="text-align: right;">76 530</td> <td style="text-align: right;">(1)OF</td> </tr> <tr> <td>Factory overheads</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Indirect factory wages</td> <td style="text-align: right;">18 750</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Operating expenses (8250 + 550) (1) × 75% (1)</td> <td style="text-align: right;">6 600</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Insurance (3200 – 800) (1) × 75% (1)</td> <td style="text-align: right;">1 800</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Depreciation – factory machinery</td> <td style="text-align: right;">8 800</td> <td style="text-align: right;">(1)</td> <td></td> <td></td> </tr> <tr> <td style="padding-left: 20px;">loose tools</td> <td style="text-align: right;"><u>330</u></td> <td style="text-align: right;">(1)</td> <td style="text-align: right;"><u>36 280</u></td> <td></td> </tr> <tr> <td></td> <td></td> <td></td> <td style="text-align: right;">112 810</td> <td style="text-align: right;">(1)OF</td> </tr> <tr> <td>Closing work in progress</td> <td></td> <td></td> <td style="text-align: right;"><u>3 310</u></td> <td style="text-align: right;">(1)</td> </tr> <tr> <td>Cost of production</td> <td></td> <td></td> <td style="text-align: right;">109 500</td> <td style="text-align: right;">(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)	<u>36 280</u>					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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Closing inventory of finished goods	<u>8 900 (1)</u>	<u>113 000 (1)OF</u>																											
Gross profit		<u>28 250 (1)OF</u>																											
3(c)	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th data-bbox="506 675 978 774">Error</th> <th data-bbox="978 675 1240 774">effect on cost of production</th> <th data-bbox="1240 675 1503 774">effect on gross profit</th> <th data-bbox="1503 675 1767 774">effect on profit for the year</th> </tr> </thead> <tbody> <tr> <td data-bbox="506 774 978 927">Returns of finished goods to the supplier, \$1 200, had not been recorded</td> <td data-bbox="978 774 1240 927" style="text-align: center;"><i>no effect</i></td> <td data-bbox="1240 774 1503 927" style="text-align: center;"><i>understated</i></td> <td data-bbox="1503 774 1767 927" style="text-align: center;"><i>understated</i></td> </tr> <tr> <td data-bbox="506 927 978 1010">Operating expenses accrued were \$850 not \$550</td> <td data-bbox="978 927 1240 1010" style="text-align: center;">understated (1)</td> <td data-bbox="1240 927 1503 1010" style="text-align: center;">overstated (1)</td> <td data-bbox="1503 927 1767 1010" style="text-align: center;">overstated (1)</td> </tr> <tr> <td data-bbox="506 1010 978 1137">Salesman’s commission, \$1 850, had been included in indirect factory wages</td> <td data-bbox="978 1010 1240 1137" style="text-align: center;">overstated (1)</td> <td data-bbox="1240 1010 1503 1137" style="text-align: center;">understated (1)</td> <td data-bbox="1503 1010 1767 1137" style="text-align: center;">no effect (1)</td> </tr> </tbody> </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	<i>no effect</i>	<i>understated</i>	<i>understated</i>	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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4(b)	$\frac{(25850 - 5150)}{(1890 + 2040) / 2} = \frac{20700 (1)}{1965 (1)} = 10.53 \text{ times } (1)$	3																																																																																																												

Question	Answer	Marks
4(c)	<p>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)</p> <p>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)</p>	2
4(d)	<p>Increase sales activity/higher sales Reduce level of inventory</p> <p>Or other suitable point Any 2 points (1) each</p>	2
4(e)	<p>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)</p> <p>Any 2 reasons (1) each</p>	2

Question	Answer			Marks	
4(f)		overstated	understated	4	
	current assets at 31 January 2019	✓			
	gross profit for the year ended 31 January 2019	✓			(1)
	capital at 31 January 2019	✓			(1)
	cost of sales for the year ending 31 January 2020	✓			(1)
	profit for the year ending 31 January 2020		✓		(1)

Question	Answer	Marks
5(a)(i)	$\frac{7250}{118000} \times \frac{365}{1} \} \text{(1) whole formula} = 22.43 = 23 \text{ days (1)}$	2
5(a)(ii)	<p>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</p> <p>Any two methods (1) each</p>	2

Question	Answer	Marks
5(b)(i)	$\frac{6600}{94000} \times \frac{365}{1} \} \text{(1) whole formula} = 25.63 = 26 \text{ days(1)}$	2
5(b)(ii)	<p>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</p> <p>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</p> <p>Any 2 points (1) each</p>	2
5(c)(i)	$\frac{(118000 - 94350)}{118000} \times \frac{100}{1} = \frac{23650}{118000} \times \frac{100}{1} \} \text{whole formula (1) = 20.04\% (1)}$	2
5(c)(ii)	$\frac{9900}{118000} \times \frac{100}{1} \} \text{whole formula (1) = 8.39\% (1)}$	2
5(c)(iii)	<p>Either $\frac{14100}{271000} \times \frac{100}{1} = 5.20\% \text{ (1)}$</p> <p>Or $\frac{9900}{271000} \times \frac{100}{1} = 3.65\% \text{ (1)}$</p>	2

Question	Answer	Marks																																				
5(d)	<p style="text-align: center;">Raj Statement of corrected profit for the year ended 31 March 2019</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;"></td> <td style="width: 15%;"></td> <td style="width: 15%; text-align: right;">\$</td> <td style="width: 10%;"></td> </tr> <tr> <td>Draft profit for the year before corrections</td> <td></td> <td style="text-align: right;">8 550</td> <td></td> </tr> <tr> <td></td> <td style="text-align: center;">Increase in profit \$</td> <td style="text-align: center;">Decrease in profit \$</td> <td></td> </tr> <tr> <td>Error 1</td> <td style="text-align: right;">180</td> <td></td> <td style="text-align: right;">(2)*</td> </tr> <tr> <td>Error 2</td> <td></td> <td style="text-align: right;">2 400</td> <td style="text-align: right;">(2)*</td> </tr> <tr> <td>Error 3</td> <td></td> <td style="text-align: right;">300</td> <td style="text-align: right;">(2)*</td> </tr> <tr> <td></td> <td style="text-align: right; border-top: 1px solid black;">180</td> <td style="text-align: right; border-top: 1px solid black;">2 700</td> <td></td> </tr> <tr> <td>Corrected profit for the year</td> <td></td> <td style="text-align: right; border-top: 1px solid black;">2 520</td> <td></td> </tr> <tr> <td></td> <td></td> <td style="text-align: right; border-top: 1px solid black;">6 030</td> <td style="text-align: right;">(1)OF</td> </tr> </table> <p>* (1) for position and (1) for amount</p>			\$		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		Corrected profit for the year		2 520				6 030	(1)OF	7
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