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.

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
							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**

+ (1) totalling discount columns
+ (1) dates

1(b)		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)** 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)**	4

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	**7**

Date 2018	Details		$	Date 2018	Details		$
Feb 1 2019	Balance b/d	**(1)**	100	Feb 1 2019	Balance b/d	**(1)**	250
Jan 31	Income and expenditure Balance c/d	**(1)**	3 000 200	Jan 31	*Bank/Cash	**(1)** **(1)**	3 050
			3 300				3 300
				2019			
				Feb 1	Balance b/d	**(1)**	200

+ (1) dates

Question	Answer	Marks
2(b)	NS Musical Society Receipts and Payments Account for the year ended 31 January 2019	11

Date 2019	Details	$	Date 2018	Details		$
Jan 31	Subscriptions **(1)OF**	3 050	Feb 1	Balance	b/d **(1)**	780
	Concert tickets **(1)**	2 560	2019			
	Disposal of non-current assets **(1)**	100	Jan 31	Rates	**(1)**	2 000
	Balance c/d	2 430		Insurance	**(1)**	700
				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

+ (1) dates

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)**

2(c) — Marks: **6**

Question	Answer	Marks
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	15

<div style="text-align:center">

	$	$
Cost of materials consumed		
Purchases of raw materials	45 680	
Less Purchases returns	1 030 **(1)**	44 650
Carriage on raw materials		3 240 **(1)**
		47 890
Closing inventory of raw materials		4 150
		43 740 **(1)**
Direct wages 29 750 **(1)** + 3040 **(1)**		32 790
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	330 **(1)**	36 280
		112 810 **(1)OF**
Closing work in progress		3 310 **(1)**
Cost of production		109 500 **(1)OF**

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Question	Answer	Marks

3(b)	Jamal
	Income Statement (Trading section) for the year ended 28 February 2019
	
	                                             \$ \$
	Revenue 143 500 **(1)OF**
	Less Sales returns 2 250 **(1)** 141 250
	Cost of sales
	Cost of production 109 500 **(1)OF**
	Purchases of finished goods 12 400 **(1)**
	                               121 900
	Closing inventory of finished goods 8 900 **(1)** 113 000 **(1)OF**
	Gross profit 28 250 **(1)OF**
		7

3(c)				6

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)**

Question	Answer	Marks
4(a)	Shen Rates account	9

Date 2018	Details		$	Date 2018	Details		$
Mar 31	Bank	} (1)	640	Feb 1	Balance b/d	(1)	240
Oct 31	Bank		720	2019			
				Jan 31	Income statement	(1)	960
					Balance c/d		160
			1 360				1 360
2019							
Feb 1	Balance b/d **(1)OF**		160				

Commission receivable account

Date 2018	Details		$	Date 2018	Details		$
Feb 1	Balance b/d	(1)	210	Mar 1	Bank	}(1)	210
				Aug 31	Cash		95
2019				2019			
Jan 31	Income statement		209	Jan 31	Balance c/d		114
		(1)OF	419				419
2019							
Feb 1	Balance b/d **(1)OF**		114				

+ (1) dates

4(b)	$\dfrac{(25\,850 - 5150)}{(1890 + 2040)/2}$ = $\dfrac{20\,700\ \textbf{(1)}}{1965\ \textbf{(1)}}$ = 10.53 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	✓		**(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)	$\dfrac{7250}{118\,000} \times \dfrac{365}{1}$ } **(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)	$\dfrac{6600}{94\,000} \times \dfrac{365}{1}$ **} (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)	$\dfrac{(118\,000 - 94\,350)}{118\,000} \times \dfrac{100}{1} = \dfrac{23\,650}{118\,000} \times \dfrac{100}{1}$ **} whole formula (1)** = 20.04% **(1)**	**2**
5(c)(ii)	$\dfrac{9900}{118\,000} \times \dfrac{100}{1}$ **} whole formula (1)** = 8.39% **(1)**	**2**
5(c)(iii)	**Either** $\dfrac{14\,100}{271\,000 \text{ (1)}} \times \dfrac{100}{1} = 5.20\%$ **(1)** **Or** $\dfrac{9900}{271\,000 \text{ (1)}} \times \dfrac{100}{1} = 3.65\%$ **(1)**	**2**

Question	Answer	Marks

5(d)	**Raj**
	Statement of corrected profit for the year ended 31 March 2019
	
	                                                            $
	Draft profit for the year before corrections 8 550
	
	                   Increase Decrease
	                   in profit 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**
	
	* (1) for position and (1) for amount
		7