Cambridge Assessment International Education

# Cambridge IGCSE™

**ACCOUNTING** **0452/22**

Paper 2 **March 2021**

MARK SCHEME

Maximum Mark: 100

**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 March 2021 series for most Cambridge IGCSE™, Cambridge International A and AS Level components and some Cambridge O Level components.



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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.

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|---|
| GENERIC MARKING PRINCIPLE 5:<br><br>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:<br><br>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. |

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**Social Science-Specific Marking Principles**
**(for point-based marking)**

**1 Components using point-based marking:**

- Point marking is often used to reward knowledge, understanding and application of skills. We give credit where the candidate's answer shows relevant knowledge, understanding and application of skills in answering the question. We do not give credit where the answer shows confusion.

From this it follows that we:

**a** DO credit answers which are worded differently from the mark scheme if they clearly convey the same meaning (unless the mark scheme requires a specific term)
**b** DO credit alternative answers/examples which are not written in the mark scheme if they are correct
**c** DO credit answers where candidates give more than one correct answer in one prompt/numbered/scaffolded space where extended writing is required rather than list-type answers. For example, questions that require *n* reasons (e.g. State two reasons …).
**d** DO NOT credit answers simply for using a 'key term' unless that is all that is required. (Check for evidence it is understood and not used wrongly.)
**e** DO NOT credit answers which are obviously self-contradicting or trying to cover all possibilities
**f** DO NOT give further credit for what is effectively repetition of a correct point already credited unless the language itself is being tested. This applies equally to 'mirror statements' (i.e. polluted/not polluted).
**g** DO NOT require spellings to be correct, unless this is part of the test. However spellings of syllabus terms must allow for clear and unambiguous separation from other syllabus terms with which they may be confused (e.g. Corrasion/Corrosion)

**2 Presentation of mark scheme:**

- Slashes (/) or the word 'or' separate alternative ways of making the same point.
- Semi colons (;) bullet points (•) or figures in brackets (1) separate different points.
- Content in the answer column in brackets is for examiner information/context to clarify the marking but is not required to earn the mark (except Accounting syllabuses where they indicate negative numbers).

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**3 Calculation questions:**

- The mark scheme will show the steps in the most likely correct method(s), the mark for each step, the correct answer(s) and the mark for each answer
- If working/explanation is considered essential for full credit, this will be indicated in the question paper and in the mark scheme. In all other instances, the correct answer to a calculation should be given full credit, even if no supporting working is shown.
- Where the candidate uses a valid method which is not covered by the mark scheme, award equivalent marks for reaching equivalent stages.
- Where an answer makes use of a candidate's own incorrect figure from previous working, the 'own figure rule' applies: full marks will be given if a correct and complete method is used. Further guidance will be included in the mark scheme where necessary and any exceptions to this general principle will be noted.

**4 Annotation:**

- For point marking, ticks can be used to indicate correct answers and crosses can be used to indicate wrong answers. There is no direct relationship between ticks and marks. Ticks have no defined meaning for levels of response marking.
- For levels of response marking, the level awarded should be annotated on the script.
- Other annotations will be used by examiners as agreed during standardisation, and the meaning will be understood by all examiners who marked that paper.

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| Question | Answer | Marks |
|---|---|---|
| 1(a) | Shilpa<br>Sales journal<br><br>2021<br>Jan 6 Kabir (200 – 40) 160 **(1)**<br>20 Pari 150 **(1)**<br>26 Yash 62 **(1)**<br>31 Transfer to sales account 372 **(1) OF** | **4** |
| 1(b) | Shilpa<br>Cash Book<br><br>2021 \| \| Disc. Alld $ \| Cash $ \| Bank $ \| 2021 \| \| Disc. Recd $ \| Cash $ \| Bank $<br>*Jan 1* *Balance b/d* *200* *814* Jan 2 Rent **(1)** 450<br>9 Disposal 11 Dilip **(1)** 50<br>of office fittings **(1)** 110 17 Office<br>15 Sales **(1)** 85 expenses **(1)** 30<br>21 Kabir **(1)** 12 148 31 Balance c/d 150 818<br>24 Pari **(1)** 9 141<br>21 200 1298 200 1298<br>Feb 1 Balance b/d **(1)OF** 150 818<br>**(1)OF** **(1)OF**<br><br>**+ (1) dates** | **11** |

| Question | Answer | Marks |
|---|---|---|
| 1(c) | Shilpa<br>Dilip account | **4** |

| Date | Details | | $ | Date | Details | | $ |
|---|---|---|---|---|---|---|---|
| 2021 | | | | 2021 | | | |
| Jan 10 | Purchases returns (20–5) | **(1)** | 15 | Jan 3 | Purchases (120 – 30) | **(1)** | 90 |
| 11 | Cash | **(1)** | 50 | | | | |
| 31 | Balance c/d | | 25 | | | | |
| | | | 90 | | | | 90 |
| | | | | Feb 1 | Balance b/d | **(1)OF** | 25 |

| Question | Answer | Marks |
|---|---|---|
| 1(d) | Debit note \| <br> Credit note \| ✓**(1)** | **1** |

| Question | Answer | Marks |
|---|---|---|
| 2(a) | Zamir<br>Income Statement for the year ended 31 December 2020<br><br>\| | \| $ \| | \| $ \| | \| <br>Fee income \| | \| \| | \| 151 750 \| | \| <br>Less Expenses \| | \| \| | \| \| | \| <br>*Rent and rates \| | \| \| | \| \| | \| <br>(26 000 – 4 000 **(1)** + 1 260 **(1)**) \| | \| 23 260 \| | \| \| | \| <br>Salaries \| | \| 55 000 \| | \| **}** \| | \| <br>Stationery and advertising \| | \| 6 450 \| | \| **} (1)** \| | \| <br>Electricity \| | \| 8 000 \| | \| **}** \| | \| <br>Bank charges \| | \| 4 100 \| | \| **} (1)** \| | \| <br>Irrecoverable debts \| | \| 1 885 \| | \| **(1)** \| | \| <br>Loss on disposal of office equipment \| | \| \| | \| \| | \| <br>(1 000 – (1 260) **(1)** \| | \| 260 \| | \| **(1)OF** \| | \| <br>Depreciation of office equipment \| | \| \| | \| \| | \| <br>(60 000 – 1 800 = 58 200 × 15% **(1)** \| | \| 8 730 \| | \| **(1)OF** \| | \| 107 685 \| | \| <br>Profit for the year \| | \| \| | \| \| | \| 44 065 \| | \| **(1)OF** \|<br><br>* Rent and rates alternative calculation<br>rent 4 000 × 4 16 000 **(1)**<br>rates 6 000 + (2/12 × 7 560) 7 260 **(1)**<br>23 260 | **10** |

| Question | Answer | Marks |
|---|---|---|
| 2(b) | Zamir<br>Statement of Financial Position (assets section) at 31 December 2020<br><br>\| | \| \$ \| \$ \| \$ \| \|<br>\| Assets \| \| \| \| \|<br>\| Non-current Assets \| Cost \| Accumulated depreciation \| Net book value \| \|<br>\| *Office equipment \| 58 200 **(1)** \| 30 690 **(1)OF** \| 27 510 **OF** \|<br>\| Current Assets \| \| \| \| \|<br>\| Trade receivables (15 600 – 1 885) \| \| 13 715 **} (1)** \| \| \|<br>\| Other receivables \| \| 4 000 **}** \| \| \|<br>\| \| \| \| 17 715 \|<br>\| Total assets \| \| \| 45 225 \|<br><br>***** workings: cost 60 000 – 1800 = 58 200<br>acc dep (22 500 – 540) = 21 960 + 8730 **OF** = 30 690 **OF** | **3** |
| 2(c) | High level of drawings **(1)**<br>High level of trade receivables/trade receivables slow to settle debts **(1)**<br>Expenses not controlled efficiently **(1)**<br>To meet short-term debts when they fall due **(1)**<br>To improve cash flow/liquidity **(1)**<br>To be able to take advantage of business opportunities as they arise **(1)**<br>To purchase additional non-current assets/expand the business **(1)**<br>**Accept other valid answers**<br>**Max (2)** | **2** |

| Question | Answer | Marks |
|---|---|---|
| 2(d) | **Salary increase – advantages**<br>Sharif would only be entitled to his salary and not a share of the profit **(1)**<br>Zamir would not need to consult Sharif before making decisions **(1)**<br>Disagreements about decisions etc. would not arise **(1)**<br>Sharif's motivation and commitment may improve **(1)**<br>No changes would be required to the (legal) structure of the business **(1)**<br>**Accept other valid points**<br>**Max (2)**<br><br>**Partnership offer – advantages**<br>Sharif may be required to introduce capital **(1)**<br>The risks/losses and responsibilities would be shared **(1)**<br>The decision-making would be shared **(1)**<br>Sharif's salary as an employee would not need to be paid **(1)**<br>Sharif may be more committed **(1)**<br>**Accept other valid points**<br>**Max (2)**<br><br>**Recommendation (1)** | **5** |

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>3(a)</td><td>The suspense account balance is entered on the trial balance (1)<br>This means that there are equal debits and credits on the trial balance/the trial balance will balance (1)</td><td>2</td></tr>
<tr><td>3(b)</td><td>Rachel<br>Journal<br><table>
<tr><th>Error number</th><th>Details</th><th>Debit $</th><th>Credit $</th></tr>
<tr><td>1</td><td>Premises repairs<br>Premises</td><td>220 (1)</td><td><br>220 (1)</td></tr>
<tr><td>2</td><td>Motor vehicles<br>Neil’s Wheels</td><td>3400 (1)</td><td><br>3400 (1)</td></tr>
<tr><td>3</td><td>Sales<br>Purchases</td><td>100 (1)</td><td><br>100 (1)</td></tr>
<tr><td>4</td><td>Sales returns<br>Suspense</td><td>19 (1)</td><td><br>19 (1)</td></tr>
<tr><td>5</td><td>Suspense<br>Bank interest received<br>Bank charges</td><td>50 (1)</td><td><br>25 (1)<br>25 (1)</td></tr>
</table></td><td>11</td></tr>
<tr><td>3(c)(i)</td><td>Error 3 (1).</td><td>1</td></tr>
<tr><td>3(c)(ii)</td><td>Error 2 (1).</td><td>1</td></tr>
</table>

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>3(d)</td><td>
<table>
<tr><th rowspan="2">Error number</th><th colspan="3">Gross Profit</th><th colspan="3">Profit for the year</th><th rowspan="2"></th></tr>
<tr><th>No effect</th><th>Understated $</th><th>Overstated $</th><th>No effect</th><th>Understated $</th><th>Overstated $</th></tr>
<tr><td>1</td><td>✓</td><td></td><td></td><td></td><td></td><td>220</td><td></td></tr>
<tr><td>2</td><td>✓</td><td></td><td></td><td>✓</td><td></td><td></td><td>(1)</td></tr>
<tr><td>3</td><td>✓</td><td></td><td></td><td>✓</td><td></td><td></td><td>(1)</td></tr>
<tr><td>4</td><td></td><td></td><td>19</td><td></td><td></td><td>19</td><td>(1)</td></tr>
<tr><td>5</td><td>✓</td><td></td><td></td><td></td><td>50</td><td></td><td>(1)</td></tr>
</table>
</td><td>4</td></tr>
<tr><td>3(e)</td><td>The accounting records may contain other errors which have not yet been found (1)</td><td>1</td></tr>
</table>

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>4(a)</td><td>
<table>
<tr><th>ratio</th><th>working</th><th>answer</th></tr>
<tr><td>gross margin</td><td>$\frac{51\,480}{114\,400} \times \frac{100}{1}$ (1) whole formula</td><td>45% (1)</td></tr>
<tr><td>trade receivables<br>turnover (days)<br>(round up to next whole day)</td><td>$\frac{15\,400}{114\,400} \times \frac{365}{1}$ (1) whole formula</td><td>50 days (1)</td></tr>
<tr><td>current ratio<br>(correct to two decimal places)</td><td>$\frac{2\,850 + 15\,400}{7\,430 + 6\,190} = \frac{18\,250}{13\,620}$ (1) whole formula</td><td>1.34:1 (1)</td></tr>
</table>
</td><td>6</td></tr>
<tr><td>4(b)(i)</td><td>If Chaaya’s trade receivables turnover (in answer to (a)) is greater than Sara’s (Sara’s was 28 days)<br>Chaaya’s trade receivables turnover is slower than Sara’s (1)<br>Chaaya may be allowing her credit customers longer to pay (1)<br>Chaaya’s credit customers may not be paying within a stated credit period (1)<br>Chaaya’s credit control policy may not be efficient (1)<br>This may be causing Chaaya to have more cash flow problems than Sara (1)<br>This may result in Chaaya having more irrecoverable debts than Sara (1)<br>Accept other valid points<br>Max (3)<br><br>If Chaaya’s trade receivables turnover (in answer to (a)) is less than Sara’s (Sara’s was 28 days)<br>Chaaya’s trade receivables turnover is faster than Sara’s (1)<br>Chaaya may be allowing her credit customers less time to pay (1)<br>Chaaya’s customers may be paying within a stated credit period (1)<br>Chaaya is less likely to have irrecoverable debts than Sara (1)<br>Chaaya’s credit control policy is more efficient than Sara’s (1)<br>This may be causing Chaaya to have fewer cash flow problems than Sara (1)<br>Accept other valid points<br>Max (3)</td><td>3</td></tr>
</table>

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| Question | Answer | Marks |
|---|---|---|
| 4(b)(ii) | Chaaya and Sara may allow different credit periods **(1)**<br>Chaaya and Sara may use different accounting policies **(1)**<br>Chaaya and Sara may have different year-ends **(1)**<br>The figures relate to one year only. It would be more meaningful to look at trends **(1)**<br>**Accept other valid points**<br>**Max (2)** | **2** |
| 4(c) | **Advantages**<br>Cash would be received quicker **(1)**<br>The bank overdraft may be reduced **(1)**<br>Overdraft interest may be reduced **(1)**<br>There would be no irrecoverable debts **(1)**<br>There would be fewer administration costs **(1)**<br>**Accept other valid points**<br>**Max (2)**<br><br>**Disadvantages**<br>May lose customers who prefer to buy on credit / damage relationship with customers **(1)**<br>Less profit due to trade discount/reduction in selling price/reduction in sales(revenue) **(1)**<br>If sales are usually one-off rather than regular, the trade discount may have little effect **(1)**<br>Increased risk of fraud or theft/ increased security measures required **(1)**<br>**Accept other valid points**<br>**Max (2)**<br><br>**Recommendation (1)** | **5** |

| Question | Answer | Marks |
|---|---|---|
| 4(d)(i) | If the business has sufficient profitability/liquidity to continue to offer them employment **(1)**<br>Whether Chaaya could afford to pay them an increase in wages **(1)** | **2** |
| 4(d)(ii) | Bank manager **(1)**<br>Trade payables **(1)**<br>Customers **(1)**<br>Government departments/tax office **(1)**<br>Potential buyers of Chaaya's business/potential partner **(1)**<br>Investors/potential investors **(1)**<br>**Accept other valid answers**<br>**Max (2)** | **2** |

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| Question | Answer | Marks |
|---|---|---|
| 5(a) | (70 + 2) **(1)** × 130 = 9360 **(1)OF** | **2** |
| 5(b) | Maira<br>Income Statement (trading section) for the year ended 31 December 2020<br><br>$ $<br>Revenue 150 000 **(1)**<br>Cost of sales<br>Purchases (1 400 × 70) 98 000 **(1)**<br>Carriage inwards (1400 × 2) 2 800 **(1)**<br>100 800<br>Less Goods taken for own use 1 440 **(2)CF/(1)OF**<br>99 360<br>Less Closing inventory 9 360 **(1)OF from (a)**<br>90 000 **(1)OF**<br>Gross profit 60 000 **(1)OF (40% × revenue)**<br><br>Revenue<br>2 × 10 800 = 21 600<br>8 × 12 000 = 96 000<br>2 × 16 200 = 32 400<br>150 000 | **8** |

| Question | Answer | Marks |
|---|---|---|
| 5(c) | **Advantages**<br>Maira would have all the necessary figures e.g. balances of individual ledger accounts **(1)**<br>If the business grows, it will be more difficult to prepare financial statements from incomplete records **(1)**<br>Detailed records would be available for future reference **(1)**<br>More accurate comparisons year-on-year/with other businesses is possible **(1)**<br>More informed decision making will be possible **(1)**<br>The government/tax office may require an adequate amount of accounting records **(1)**<br>If Maira wishes to sell the business, a potential buyer may wish to see full accounting records **(1)**<br>Lenders/potential lenders can be provided with adequate information **(1)**<br>Maira should be able to prepare financial statements more easily **(1)**<br>Maira should be able to prepare financial statements more accurately **(1)**<br>Assist in location of errors/checking procedures, e.g. control accounts may be used **(1)**<br>The possibility of fraud would be minimised **(1)**<br>**Accept other valid points**<br>**Max (2)**<br><br>**Disadvantages**<br>Maira's financial statements may be prepared from incomplete records **(1)**<br>Maira is busy so she may not have time for book-keeping **(1)**<br>It may take Maira time to learn double-entry book-keeping **(1)**<br>Any spare time which Maira can find may be better spent on e.g. marketing **(1)**<br>If Maira pays a book-keeper to write up her books, the cost of this will reduce her profits **(1)**<br>**Accept other valid points**<br>**Max (2)**<br><br>**Recommendation (1)** | **5** |

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>5(d)</td><td>
<table>
<tr><th></th><th>Cash book</th><th>Purchases journal</th><th>Purchases returns journal</th></tr>
<tr><td>Discount received from a supplier for prompt payment</td><td>✓(1)</td><td></td><td></td></tr>
<tr><td>Credit note received from a supplier</td><td></td><td></td><td>✓ (1)</td></tr>
<tr><td>Direct debit paid to a supplier</td><td>✓(1)</td><td></td><td></td></tr>
</table>
</td><td>3</td></tr>
<tr><td>5(e)</td><td>
<table>
<tr><th></th><th>Comparability</th><th>Relevance</th><th>Reliability</th></tr>
<tr><td>Maira’s inventory valuation should be free from significant errors.</td><td></td><td></td><td>✓(1)</td></tr>
<tr><td>Maira’s financial statements should be provided in time for her to use them when making decisions about her shop.</td><td></td><td>✓(1)</td><td></td></tr>
</table>
</td><td>2</td></tr>
</table>

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