Cambridge Assessment International Education

Cambridge IGCSE™

ACCOUNTING **0452/22**

Paper 2 **February/March 2022**

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 February/March 2022 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: 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.

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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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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1(a)(i)</td><td>
Nazmeen
General Journal
<table>
<tr><th>Date</th><th>Details</th><th>Debit
$</th><th>Credit
$</th></tr>
<tr><td>2022
Jan 1</td><td>Motor vehicle
Bank
Petty cash
Bank loan
Capital

Assets, liabilities and capital at this date (1)</td><td>11 000 }
2 300 } (1)
200 }

13 500</td><td>

2 500 (1)
11 000 (1)
13 500</td></tr>
</table>
</td><td>4</td></tr>
<tr><td>1(a)(ii)</td><td>Correction of errors (1)
Purchase/disposal of non-current assets on credit (1)
Transactions not recorded in another book of prime entry (1)
Transfers between accounts (1)
Writing off irrecoverable debts (1)
Creation of/adjustment to a provision for doubtful debts (1)
Recording depreciation (1)
Year-end transfers to income statement (1)

Max (1)
Accept other valid points</td><td>1</td></tr>
</table>

Question	Answer	Marks
1(b)(i)	Nazmeen Petty Cash Book	**10**

Total received $	Date	Details		Total paid $	Motor expenses $	Sundry expenses $	Ledger accounts $
	2022						
200	Jan 1	Balance	**(1)**				
	3	Petrol	**(1)**	35	35		
	8	Magazines	**(1)**	14		14	
	17	GL Limited	**(1)**	60			60
	26	Cleaning	**(1)**	9	9		
	29	Alim	**(1)**	38			38
				156	44	14	98
	31	Balance c/d		44			
200				200			
44	Feb 1	Balance b/d	**(1)OF**				
156		Bank	**(1)OF**				

+ (1) dates
(1)OF totalling analysis columns

1(b)(ii)	Easier control of/check on petty cash expenditure **(1)** There is a maximum amount which can be spent **(1)** Theft/fraud is limited to the imprest amount **(1)** **Accept other valid points** **Max (1)**	**1**

Question	Answer	Marks
1(c)		**4**

	Invoice	Credit note	Statement of account	
A credit purchase	✓		✓	
The balance owing by Nazmeen to a supplier at the end of the month			✓	**(1) row**
A purchases return		✓	✓	**(1) row**
Trade discount deducted from list price	✓	✓		**(1) row**
Payment made to a supplier			✓	**(1) row**

Question	Answer	Marks
2(a)	Ravi Sales ledger control account **(1) *for both opening balances**	**10**
2(b)	Prudence **(1)**	**1**
2(c)(i)	Bank manager Level of trade receivables may influence bank's decision **(1)** If the bank believes trade receivables are too high may not wish to lend **(1)** If trade receivables too high may not have adequate funds to repay loan/ bank overdraft/ interest **OR** If trade receivables too low may have adequate funds to repay loan/ bank overdraft/ interest **(1)** **Max (2)** **Accept other valid points**	**2**

Date	Details	$	Date	Details	$
2021			2021		
Feb 1	Balance b/d	12 510*	Feb 1	Balance b/d **(1) both**	1 245*
2022			2022		
Jan 31	Sales **(1)**	134 000	Jan 31	Bank **(1)**	96 250
	Interest charged **(1)**	1 104		Cash **(1)**	12 890
				Sales returns **(1)**	4 000
				Irrecoverable debts **(1)**	9 100
				Contra entries **(1)**	1 677
				Discount allowed **(1)**	4 643
				Balance c/d	17 809
		147 614			147 614
2022					
Feb 1	Balance b/d **(1)OF**	17 809			

Question	Answer	Marks
2(c)(ii)	Trade payables Level of trade receivables may influence trade payable's decision **(1)** If trade payable believes trade receivables are insufficient may decide not to supply/not to continue to supply/supply on cash terms only **OR** If trade receivables are high may have adequate funds to pay trade payables **(1)** **Max (2)** **Accept other valid points**	**2**
2(d)	**Reasons for employing a credit controller** Should result in lower irrecoverable debts **(1)** Should control the amount owed by trade receivables **(1)** Payments from trade receivables likely to be received more quickly/ collection period decreases**(1)** Ravi's time would be freed up to carry out other business tasks (**1)** The salary of the credit controller is less than the amount of irrecoverable debts **(1)** **Max (2)** **Accept other valid points** **Reasons for not employing a credit controller** Have to pay an annual salary **(1)** Salary would be paid regardless of amount of debts recovered **(1)** No guarantee that all debts will be collected **(1)** Legal fees may be incurred for any legal action **(1)** Damage relationship with customers/ may buy less/may buy from a different supplier/lose customer loyalty **(1)** Could instead try to increase cash sales **(1)** **Max (2)** **Accept other valid points** **Recommendation (1)**	**5**

Question	Answer	Marks
3(a)	Pari Manufacturing Account for the year ended 31 December 2021	**9**

Cost of material consumed	$	$
Opening inventory of raw materials		6 100
Purchases of raw materials		84 200
		90 300
Less Closing inventory of raw materials		6 840
		83 460 **(1)**
Direct wages		33 000 **(1)**
Prime cost		116 460 **(1)OF**
Factory overheads		
Wages of factory supervisor	26 000**}**	
Rates and insurance (14 000 ÷ 2)	7 000**}(1)**	
General expenses (11 500 + 500)	12 000 **(1)**	
Depreciation of factory equipment		
(100 000 – 36 000) x 20%	12 800 **(1)**	57 800
		174 260 **(1)OF**
Add opening work-in-progress		9 420 *
		183 680
Less closing work-in-progress		9 885*
Cost of production		173 795 **(1)OF**

***(1) for both inventories of work in progress**

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>3(b)</td><td>Pari
Income Statement (trading section) for the year ended 31 December 2021

<table>
<tr><td></td><td>$</td><td>$</td></tr>
<tr><td>Revenue</td><td></td><td>230 020</td></tr>
<tr><td>Cost of sales</td><td></td><td></td></tr>
<tr><td>Opening inventory of finished goods</td><td>11 350 *</td><td></td></tr>
<tr><td>Cost of production</td><td>173 795 (1)OF</td><td></td></tr>
<tr><td></td><td>185 145</td><td></td></tr>
<tr><td>Less Closing inventory of finished goods</td><td>12 630 *</td><td>172 515 (1)OF</td></tr>
<tr><td>Gross profit</td><td></td><td>57 505 (1)OF</td></tr>
<tr><td colspan="3">*(1) for both inventories of finished goods</td></tr>
</table></td><td>4</td></tr>
<tr><td>3(c)</td><td>Gross margin = $\frac{57\,505}{230\,020}$ OF $\times \frac{100}{1}$ } whole formula (1)OF = 25.00% (1)OF</td><td>2</td></tr>
</table>

Question	Answer	Marks
3(d)		**5**

Advantages	Disadvantages	
May be cheaper to buy rather than to make	May be cheaper to make rather than to buy	**(1)**
If could buy at lower cost than making gross margin/gross profit would improve	If could make at lower cost than making gross margin/gross profit would improve	**(1)**
Would have more time for other business functions e.g. marketing		**(1)**
Accounting records would be simpler		**(1)**
	Cost of purchased finished goods may increase in the future	**(1)**
	Depend on supplier for regular supplies	**(1)**
	Depend on supplier for quality	**(1)**
	Depend on supplier for required quantity	**(1)**
	May lose customer loyalty	**(1)**
	May be difficult to start production again once stopped	**(1)**

Advantages Max (2) **Disadvantages Max (2)**
Accept other valid points
Recommendation (1)

Question	Answer	Marks
4(a)	Demis Corrected Trial Balance at 31 December 2021	**6**

	Debit $	Credit $
Sales		90 052
Purchases	52 420 **(1)**	
Rates and insurance	11 500	
General expenses	1 092	
Property	92 500	
Fixtures at cost	34 000	
Provision for depreciation of fixtures		21 760
Trade receivables	7 410	
Trade payables		4 665 **(1)**
Inventory	8 000 **(2)CF** **(1)OF**	
Cash at bank	8 095	
Capital at 1 January 2021		109 940
Drawings	11 320	
Petty cash	80 **(1)**	
	226 417	226 417
	(1) matching CF totals	

			Marks
4(b)		$	**2**
	Cash book balance	8 095 **OF**	
	Add unpresented cheques	437	
	Bank statement balance	8 532 **(1) OF** Credit **(1)**	

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>4(c)</td><td>
<table>
<tr><th colspan="2" rowspan="3">Error</th><th colspan="6">Entries required to correct the error</th></tr>
<tr><th colspan="3">Debit</th><th colspan="3">Credit</th></tr>
<tr><th>Account</th><th>$</th><th></th><th>Account</th><th>$</th><th></th></tr>
<tr><td>1</td><td>Drawings of goods for own use, $317, had been omitted from the books of account.</td><td>Drawings</td><td>317</td><td>(1)</td><td>Purchases</td><td>317</td><td>(1)</td></tr>
<tr><td>2</td><td>Purchases returns, $93, had been credited to the sales account.</td><td>Sales</td><td>93</td><td>(1)</td><td>Purchases returns</td><td>93</td><td>(1)</td></tr>
<tr><td>3</td><td>A payment for property insurance, $500, had been debited to the property account.</td><td>Rates and insurance</td><td>500</td><td>(1)</td><td>Property</td><td>500</td><td>(1)</td></tr>
<tr><td>4</td><td>A credit purchase, $315, from Erin had been recorded as $135.</td><td>Purchases</td><td>180</td><td>(1)</td><td>Erin</td><td>180</td><td>(1)</td></tr>
<tr><td>5</td><td>A credit sale, $191, to Harvinder, had been debited to the sales account and credited to Harvinder’s account.</td><td>Harvinder</td><td>382</td><td>(1)</td><td>Sales</td><td>382</td><td>(1)</td></tr>
</table>
</td><td>10</td></tr>
<tr><td>4(d)(i)</td><td>Error of commission (1)</td><td>1</td></tr>
<tr><td>4(d)(ii)</td><td>Error of original entry (1)</td><td>1</td></tr>
</table>

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Question	Answer	Marks
5(a)	Priti and Paisley Appropriation Account for the year ended 31 January 2022	**6**

		$	$
Profit for the year			33 100
Add Interest on drawings	Priti	750 **(1)**	
	Paisley	650 **(1)**	1 400
			34 500
Less Interest on capital	Priti	4 000 **(1)**	
	Paisley	800 **(1)**	
		4 800	
Less Salary	Paisley	6 000 **(1)**	10 800
			23 700
Share of profit	Priti	17 775 **}(1)**	
	Paisley	5 925 **} OF**	23 700

5(b)	Paisley Current account					**6**

Date	Details		$	Date	Details		$
2022				2021			
Jan 31	Drawings	**(1)**	13 000	Feb 1	Balance b/d		2 350
	Interest on drawings	**(1)OF**	650	2022			
	Balance c/d		1 425	Jan 31	Interest on capital	**(1)OF**	800
					Salary	**(1)**	6 000
					Profit share	**(1)OF**	5 925
			15 075				15 075
				2022			
				Feb 1	Balance b/d	**(1)OF**	1 425

Question	Answer	Marks
5(c)	Is entitled to only one quarter of the *residual* profit **(1)** His *total profit share* is significantly less than Priti's **(1)** May feel he is not getting adequate reward for his extra duties/responsibilities **(1)** May be able to earn more as a manager elsewhere **(1)** His total profit share is lower than his drawings for the year **(1)** **Accept other valid points** **Max (3)**	**3**
5(d)	**Advantages** Limited liability/ a company is a separate legal entity **(1)** Can raise more finance **(1)** More options for raising finance **(1)** Different ways of raising finance are available ordinary/preference shares and debentures/loans **(1)** **Or other relevant advantages** **Max (2)** **Disadvantages** Costly to establish **(1)** More complex/regulated accounting required/have to publish accounts/more legal requirements **(1)** May lose control of the business **(1)** Decisions may take longer **(1)** Dividends have to be paid to shareholders/have to share profit with shareholders **(1)** **Max (2)** **Or other relevant disadvantages** **Recommendation (1)**	**5**

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