Cambridge Assessment International Education

Cambridge IGCSE™

ACCOUNTING **0452/21**

Paper 2 **May/June 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 May/June 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: 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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Question	Answer	Marks
1(a)	Rahat Cash Book **+(1) dates**	**11**
1(b)		**4**

Cash Book

Date	Details		Disc.	Cash	Bank	Date	Details		Disc.	Cash	Bank
2021			$	$	$	2021			$	$	$
Mar 1	*Balance b/d*			*150*		*Mar 1*	*Balance b/d*				*1980*
3	Sales	**(1)**			580	6	Insurance	**(1)**			360
17	Sales	**(1)**		140		9	GH Limited	**(1)**	4		196
27	Disposal	**(1)**			50	13	Stationery	**(1)**		75	
31	Balance c/d				2246	30	Colin	**(1)**	10		340
						31	Balance c/d			215	
				290	2876				14	290	2876
Apr 1	Balance b/d			215		Apr 1	Balance b/d		**(1)OF**		2246
				(1)OF							**(1)OF**

	Updating cash book	Bank reconciliation statement
Cheque from Burgess dishonoured	✓ **(1)**	
Cheque to Colin unpresented		✓ **(1)**
Overdraft interest	✓ **(1)**	
Standing order paid for rates	✓ **(1)**	

Question	Answer	Marks
1(c)	**Advantages** Loan interest may be lower than overdraft interest **(1)** No interest on overdraft to pay **(1)** Have a longer time to repay a loan **(1)** May improve relationship with bank **(1)** Bank balance would be improved/liquidity would be improved **(1)** New office furniture should lead to a better working environment **(1)** **Accept other valid points** **(Max 2)** **Disadvantages** Loan will have to be repaid **(1)** Loan interest will have to be paid **(1)** Early repayment may not be allowed **(1)** The bank may require security **(1)** No income/profit is generated from the office furniture **(1)** **Accept other valid points** **(Max 2)** **Recommendation (1)**	**5**

Question	Answer	Marks
2(a)	John and Banu Income Statement for the year ended 31 March 2021 $ $ Revenue 158 000 Cost of sales Opening inventory 9 400 Purchases 69 200 78 600 Less Closing inventory 9 200 69 400 **(1)** Gross profit 88 600 **(1)OF** Commission receivable (4 800 + 300) 5 100 **(1)** 93 700 Less Expenses Rates and insurance (11 250 + 650) 11 900 **(1)** Wages 10 475**}** General expenses 9 675**}(1)** Discount allowed 2 000 **(1)** Depreciation of fittings (15% × 18 000) 2 700 **(1)** 36 750 Profit from operations 56 950 Loan interest 500 **(1)** Profit for the year 56 450 **(1)OF**	**9**

Question	Answer				Marks
2(b)	John and Banu Appropriation Account for the year ended 31 March 2021				**5**
			$	$	
	Profit for the year			56 450 **OF**	
	Add interest on drawings	John	1 140**}**		
		Banu	1 260**} (1)**	2 400	
				58 850	
	Less				
	Interest on capital	John	2 250**}**		
		Banu	1 500**}(1)**		
			3 750		
	Salary	John	8 500 **(1)**		
				12 250	
				46 600	
	Profit share	John (40% × 46 600)	18 640 **(1) OF**		
		Banu (60% × 46 600)	27 960 **(1) OF**	46 600	

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(c)(i)</td><td>To discourage the partners from taking drawings (1)
Accept other valid points</td><td>1</td></tr>
<tr><td>2(c)(ii)</td><td>To reward John for lending money to the business
To compensate John for the interest he could have earned elsewhere (1)
(Max 1)
Accept other valid points</td><td>1</td></tr>
<tr><td>2(d)</td><td>
<table>
<tr><td>Continuity of existence of the business</td><td></td></tr>
<tr><td>Banu may have skills and knowledge which John does not have</td><td>✓(1)</td></tr>
<tr><td>John is only liable for business debts up to the amount he agreed to contribute</td><td></td></tr>
<tr><td>Additional finance is available to the business</td><td>✓ }</td></tr>
<tr><td>Risks and responsibilities are shared</td><td>✓ }(1)</td></tr>
<tr><td>John is bound by the actions of Banu carried out on behalf of the business</td><td></td></tr>
<tr><td>John can discuss matters with Banu before making decisions.</td><td>✓(1)</td></tr>
</table>
+ (1) if items 1, 3 and 6 are un-ticked
</td><td>4</td></tr>
</table>

Question	Answer	Marks
3(a)	TC Limited Rent and rates account Date 2021 / Details / $ / Date 2021 / Details / $ Jan 31 Total to date **(1)** 19 620 / Jan 31 Manufacturing account **(1)OF** 9 485 Balance c/d (rates) 550 / Income statement **(1)OF** 9 485 Balance c/d (rent) 1 200 20 170 / 20 170 Feb 1 Balance b/d (rent) **(1)** 1 200 / Feb 1 Balance b/d (rates) **(1)** 550 **Ignore dates**	**5**

Question	Answer	Marks
3(b)	TC Limited Manufacturing Account for the year ended 31 January 2021 $ $ $ Cost of material consumed Opening inventory of raw material 7 500 Purchases of raw material 91 400 Carriage inwards 6 280 97 680 105 180 Less Closing inventory of raw material 8 000 97 180 **(1)** Direct wages 52 000 **(1)** Prime cost 149 180 **(1) OF** Factory overheads Wages of factory supervisor 23 100 **(1)** Rent and rates 9 485 **(1)OF** Insurance (75% × 4 600) 3 450 **(1)** General expenses 4 200 Depreciation of factory equipment (90 000 – 30 960) × 20% 11 808 **(1)** 52 043 201 223 **(1)OF** Add opening work-in-progress 11 220 * 212 443 Less closing work-in-progress 11 900 * Cost of production 200 543 **(1) OF** * **(1)** for both opening and closing work-in-progress	**10**

Question	Answer	Marks
3(c)	**Advantages** To apply the principle of consistency **OR** the other non-current assets are depreciated so these should also be depreciated **(1)** To apply the principle of matching **OR** to spread the cost over expected useful life **(1)** Are non-current assets so should be depreciated/they lose value over their useful life so should be depreciated **(1)** **Accept other valid points** **(Max 2)** **Disadvantages** The cost of the items may not be material **(1)** The amount of depreciation would be insignificant **(1)** The items may not last more than one year **(1)** **Accept other valid points** **(Max 2)** **Recommendation (1)**	**5**

Question	Answer			Marks
4(a)	Neith			**6**
	Corrected Trial balance at 31 March 2021			
		$	$	
	Fixtures and equipment at cost	300 000		
	Provision for depreciation of fixtures and equipment		120 000 **(1)**	
	Inventory	8 800 **(1)**		
	Trade receivables	16 100 **(1)**		
	Provision for doubtful debts		322	
	Petty cash	100		
	Bank overdraft		11 400 **(1)**	
	Trade payables		3 200	
	Capital at 1 April 2020		160 000	
	Sales		107 498	
	Purchases	41 520		
	Rent and rates	16 000		
	Office expenses	9 000		
	General expenses	8 150		
	Other receivables	2 750 **(1)**		
		402 420	402 420 **(1)both**	

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>4(b)</td><td>
Neith
Journal
<table>
<tr><th>Error number</th><th>Details</th><th>Debit
$</th><th>Credit
$</th></tr>
<tr><td>1</td><td>General expenses
Office expenses</td><td>32 (1)</td><td>
32 (1)</td></tr>
<tr><td>2</td><td>Sales
Anya</td><td>75 (1)</td><td>
75 (1)</td></tr>
<tr><td>3</td><td>Purchases
Samir</td><td>120 (1)</td><td>
120 (1)</td></tr>
<tr><td>4</td><td>Bank
Office expenses</td><td>72 (1)</td><td>
72 (1)</td></tr>
<tr><td>5</td><td>Office expenses/cleaning expenses
Fixtures and equipment</td><td>235 (1)</td><td>
235 (1)</td></tr>
</table>
</td><td>10</td></tr>
<tr><td>4(c)</td><td>
<table>
<tr><th>Error number</th><th>Increases capital</th><th>Decreases capital</th><th>No effect on capital</th></tr>
<tr><td>1</td><td></td><td></td><td>✓</td></tr>
<tr><td>2</td><td></td><td>✓ (1)</td><td></td></tr>
<tr><td>3</td><td></td><td>✓ (1)</td><td></td></tr>
<tr><td>4</td><td>✓ (1)</td><td></td><td></td></tr>
<tr><td>5</td><td></td><td>✓ (1)</td><td></td></tr>
</table>
</td><td>4</td></tr>
</table>

Question	Answer	Marks
5(a)	Trade receivables turnover (days) workings: $\frac{12\,400}{191\,000} \times \frac{365}{1}$ **whole formula(1)** answer: 24 days **(1)** Trade payables turnover (days) workings: $\frac{7\,000}{120\,000} \times \frac{365}{1}$ **whole formula(1)** answer: 22 days **(1)**	**4**

Question	Answer	Marks
5(b)(i)	**Answers to be based on OF answers to (a)** **Ahu** Allows trade receivables a longer credit period **(1)** Has an inefficient credit control system/slower to resort to legal action **(1)** Offers no cash discount/lower rate of cash discount for prompt payment **(1)** Charge no interest/lower rate of interest on overdue Accounts **(1)** Does not make use of invoice discounting and factoring **(1)** **Omer** Allows trade receivables a shorter credit period **(1)** Has a more efficient credit control system/quicker to resort to legal action **(1)** Offers cash discount/higher rate of cash discount for prompt payment **(1)** Charge interest/higher rate of interest on overdue Accounts **(1)** Makes use of invoice discounting and factoring **(1)** **Accept other valid points** **(Max 2)**	**2**

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>5(b)(ii)</td><td>Answers to be based on OF answers to (a)

<table>
<tr><td>Ahu</td><td>Omer</td></tr>
<tr><td>Is allowed a longer credit period by trade payables(1)</td><td>Is allowed a shorter credit period by trade payables (1)</td></tr>
<tr><td>Suppliers offer no cash discount/lower rate of cash discount for prompt payment (1)</td><td>Suppliers offer cash discount/higher rate of cash discount for prompt payment (1)</td></tr>
<tr><td>Suppliers charge no interest/lower rate of interest on overdue accounts (1)</td><td>Suppliers charge interest/higher rate of interest on overdue accounts (1)</td></tr>
<tr><td>Credit customers take longer to pay (1)</td><td>Credit customers pay more quickly (1)</td></tr>
<tr><td>Has less liquidity/is less able to pay the suppliers (1)</td><td>Has more liquidity/is more able to pay suppliers (1)</td></tr>
<tr><td>Is a more established customer so suppliers may be more flexible on credit period taken (1)</td><td>Is paying quickly in order to establish a good relationship with suppliers (1)</td></tr>
</table>
Accept other valid points
(Max 2)</td><td>2</td></tr>
</table>

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>5(c)</td><td>
<table>
<tr><td>Advantages of employing marketing manager</td><td>Disadvantages of employing marketing manager</td></tr>
<tr><td>May increase sales and may increase profit (1)</td><td>Manager’s salary will increase expenses (1)</td></tr>
<tr><td>May improve business reputation/brand image (1)</td><td>Increased cost of marketing/marketing expenses (1)</td></tr>
<tr><td>Can utilise experience and skills of manager (1)</td><td>Manager may not be experienced/effective (1)</td></tr>
<tr><td>May increase market share (1)</td><td>Increase in sales/profit may be less than salary (1)</td></tr>
<tr><td>Accept other valid points</td><td>Accept other valid points</td></tr>
</table>
(Max 4)

Recommendation (1)</td><td>5</td></tr>
<tr><td>5(d)</td><td>Establish a credit limit for each customer (1)
Issue invoices and statements promptly (1)
Improve credit control/maintain good credit control system (1)
Refuse further supplies until outstanding balance paid (1)
Take legal action if necessary (1)
Allow cash discount for prompt payment (1)
Sell on a cash basis only/reduce credit sales (1)
Accept other valid points
(Max 3)</td><td>3</td></tr>
</table>

Question	Answer	Marks
5(e)	Matching To ensure that the revenue of the accounting period is matched against the costs of the same period **(1)** Prudence Profit should not be anticipated but all possible losses should be provided for **(1)** To ensure that profits and assets are not overstated **(1)** To ensure that losses and liabilities are not understated **(1)** **(Max 1)** Consistency To ensure that accounting methods are used consistently from one period to the next **(1)** To allow comparison of financial statements from year to year **(1)** **(Max 1)** Business entity To ensure that the accounting records relate only to the business **(1)** To ensure that the business is treated completely separately from the owner of the business **(1)** **(Max 1)**	**4**

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