

Cambridge IGCSE™

ACCOUNTING

0452/22

Paper 2

October/November 2020

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 October/November 2020 series for most Cambridge IGCSE™, Cambridge International A and AS Level and Cambridge Pre-U components, and some Cambridge O Level components.

This document consists of **14** printed pages.

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)	<table border="1"> <thead> <tr> <th>Transaction</th> <th>Business document</th> <th>Book of prime entry</th> </tr> </thead> <tbody> <tr> <td>2</td> <td>Credit note (1)</td> <td>Sales returns journal (1)</td> </tr> <tr> <td>3</td> <td>Paying-in slip (1)</td> <td>Cash book (1)</td> </tr> <tr> <td>4</td> <td>Bank statement (1)</td> <td>Cash book (1)</td> </tr> </tbody> </table>	Transaction	Business document	Book of prime entry	2	Credit note (1)	Sales returns journal (1)	3	Paying-in slip (1)	Cash book (1)	4	Bank statement (1)	Cash book (1)	6																																						
Transaction	Business document	Book of prime entry																																																		
2	Credit note (1)	Sales returns journal (1)																																																		
3	Paying-in slip (1)	Cash book (1)																																																		
4	Bank statement (1)	Cash book (1)																																																		
1(b)	<table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="2" style="text-align: left;"></th> <th style="text-align: center;">Dev</th> <th colspan="2" style="text-align: right;"></th> </tr> <tr> <th colspan="2" style="text-align: left;"></th> <th style="text-align: center;">Petra account</th> <th colspan="2" style="text-align: right;"></th> </tr> </thead> <tbody> <tr> <td style="text-align: right;">2020</td> <td></td> <td style="text-align: right;">\$</td> <td style="text-align: right;">2020</td> <td style="text-align: right;">\$</td> </tr> <tr> <td style="text-align: right;">Aug 1</td> <td>Balance b/d</td> <td style="text-align: right;">940</td> <td style="text-align: right;">Aug 14</td> <td>Sales returns</td> </tr> <tr> <td style="text-align: right;">9</td> <td>Sales</td> <td style="text-align: right;">675 (1)</td> <td style="text-align: right;">29</td> <td>Bank</td> </tr> <tr> <td></td> <td></td> <td></td> <td style="text-align: right;">31</td> <td>Discount allowed</td> </tr> <tr> <td></td> <td></td> <td></td> <td style="text-align: right;">31</td> <td>Balance c/d</td> </tr> <tr> <td></td> <td></td> <td style="text-align: right;"><u>1615</u></td> <td></td> <td></td> </tr> <tr> <td style="text-align: right;">2020</td> <td></td> <td></td> <td></td> <td style="text-align: right;"><u>555</u></td> </tr> <tr> <td style="text-align: right;">Sept 1</td> <td>Balance b/d</td> <td style="text-align: right;">555 (1)OF</td> <td></td> <td style="text-align: right;"><u>1615</u></td> </tr> </tbody> </table> <p>+ (1) dates</p>			Dev					Petra account			2020		\$	2020	\$	Aug 1	Balance b/d	940	Aug 14	Sales returns	9	Sales	675 (1)	29	Bank				31	Discount allowed				31	Balance c/d			<u>1615</u>			2020				<u>555</u>	Sept 1	Balance b/d	555 (1)OF		<u>1615</u>	6
		Dev																																																		
		Petra account																																																		
2020		\$	2020	\$																																																
Aug 1	Balance b/d	940	Aug 14	Sales returns																																																
9	Sales	675 (1)	29	Bank																																																
			31	Discount allowed																																																
			31	Balance c/d																																																
		<u>1615</u>																																																		
2020				<u>555</u>																																																
Sept 1	Balance b/d	555 (1)OF		<u>1615</u>																																																
1(c)	Current assets (1) OF	1																																																		
1(d)	<p>Advantage Increase profit for the year (1) Increase cash inflow (1) Accept other valid responses Max (1)</p> <p>Disadvantage May lose customers/sales may fall (1) Customers may take longer to pay (1) Accept other valid responses Max (1)</p>	2																																																		

Question	Answer	Marks
1(e)	<p>Advantages Dev will have limited liability for the debts of the company (1) The limited company will have a separate legal identity to Dev (1) Dev will have access to different forms of finance/increase in capital employed (1) Accept other valid responses Max (2)</p> <p>Disadvantages The limited company will have greater regulation than Dev as a sole trader (1) The accounting requirements of the limited company will be more complex than for Dev as a sole trader (1) The financial statements of the limited company may be viewed by the public unlike those of Dev as a sole trader (1) Accept other valid responses Max (2)</p> <p>Recommendation (1)</p>	5

Question	Answer	Marks																																													
2(a)	<p style="text-align: center;">BH Sports Club Subscriptions account</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 30%;"></td> <td style="width: 10%; text-align: right;">\$</td> <td style="width: 30%;"></td> <td style="width: 10%; text-align: right;">\$</td> <td style="width: 20%;"></td> </tr> <tr> <td>2019</td> <td></td> <td>2020</td> <td></td> <td></td> </tr> <tr> <td>Aug 1 Balance b/d</td> <td style="text-align: right;">360 (1)</td> <td>Jul 31 Bank</td> <td style="text-align: right;">9 960 (1)</td> <td></td> </tr> <tr> <td>2020</td> <td></td> <td>Balance c/d</td> <td style="text-align: right;">720</td> <td></td> </tr> <tr> <td>Jul 31 Income and Expenditure</td> <td style="text-align: right;">10 200 (1)OF</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Balance c/d</td> <td style="text-align: right;"><u>120</u></td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td style="text-align: right;"><u>10 680</u></td> <td></td> <td style="text-align: right;"><u>10 680</u></td> <td></td> </tr> <tr> <td>2020</td> <td></td> <td>2020</td> <td></td> <td></td> </tr> <tr> <td>Aug 1 Balance b/d</td> <td style="text-align: right;">720 (1)</td> <td>Aug 1 Balance b/d</td> <td style="text-align: right;">120 (1)</td> <td></td> </tr> </table> <p>+ (1) dates</p>		\$		\$		2019		2020			Aug 1 Balance b/d	360 (1)	Jul 31 Bank	9 960 (1)		2020		Balance c/d	720		Jul 31 Income and Expenditure	10 200 (1)OF				Balance c/d	<u>120</u>					<u>10 680</u>		<u>10 680</u>		2020		2020			Aug 1 Balance b/d	720 (1)	Aug 1 Balance b/d	120 (1)		6
	\$		\$																																												
2019		2020																																													
Aug 1 Balance b/d	360 (1)	Jul 31 Bank	9 960 (1)																																												
2020		Balance c/d	720																																												
Jul 31 Income and Expenditure	10 200 (1)OF																																														
Balance c/d	<u>120</u>																																														
	<u>10 680</u>		<u>10 680</u>																																												
2020		2020																																													
Aug 1 Balance b/d	720 (1)	Aug 1 Balance b/d	120 (1)																																												

Question	Answer	Marks																																													
3(a)	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;"></td> <td style="text-align: right;">\$</td> <td></td> </tr> <tr> <td>Opening inventory</td> <td style="text-align: right;">66 000</td> <td></td> </tr> <tr> <td>Purchases</td> <td style="text-align: right;">263 000</td> <td></td> </tr> <tr> <td>Carriage inwards</td> <td style="text-align: right;"><u>1 500</u></td> <td></td> </tr> <tr> <td></td> <td style="text-align: right;">330 500 (1)</td> <td></td> </tr> <tr> <td>Less Closing inventory</td> <td style="text-align: right;"><u>59 000</u></td> <td></td> </tr> <tr> <td>Cost of sales</td> <td style="text-align: right;"><u>271 500 (1) OF</u></td> <td></td> </tr> </table>		\$		Opening inventory	66 000		Purchases	263 000		Carriage inwards	<u>1 500</u>			330 500 (1)		Less Closing inventory	<u>59 000</u>		Cost of sales	<u>271 500 (1) OF</u>		2																								
	\$																																														
Opening inventory	66 000																																														
Purchases	263 000																																														
Carriage inwards	<u>1 500</u>																																														
	330 500 (1)																																														
Less Closing inventory	<u>59 000</u>																																														
Cost of sales	<u>271 500 (1) OF</u>																																														
3(b)	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;"></td> <td style="text-align: right;">\$</td> <td></td> </tr> <tr> <td>Provision at 30 September 2020 ((80 500 – 500) x 2%)</td> <td style="text-align: right;">1 600 (1)</td> <td></td> </tr> <tr> <td>Less Provision at 1 October 2019</td> <td style="text-align: right;"><u>1 000</u></td> <td></td> </tr> <tr> <td>Increase in provision for doubtful debts</td> <td style="text-align: right;"><u>600 (1) OF</u></td> <td></td> </tr> </table>		\$		Provision at 30 September 2020 ((80 500 – 500) x 2%)	1 600 (1)		Less Provision at 1 October 2019	<u>1 000</u>		Increase in provision for doubtful debts	<u>600 (1) OF</u>		2																																	
	\$																																														
Provision at 30 September 2020 ((80 500 – 500) x 2%)	1 600 (1)																																														
Less Provision at 1 October 2019	<u>1 000</u>																																														
Increase in provision for doubtful debts	<u>600 (1) OF</u>																																														
3(c)	<table style="width: 100%; border-collapse: collapse;"> <tr> <td colspan="3" style="text-align: center;">JP Limited</td> </tr> <tr> <td colspan="3" style="text-align: center;">Income Statement for the year ended 30 September 2020</td> </tr> <tr> <td style="width: 50%;"></td> <td style="text-align: right;">\$</td> <td style="text-align: right;">\$</td> </tr> <tr> <td>Revenue</td> <td></td> <td style="text-align: right;">529 500</td> </tr> <tr> <td>Less Cost of sales</td> <td></td> <td style="text-align: right;"><u>271 500 (1) OF</u></td> </tr> <tr> <td>Gross profit</td> <td></td> <td style="text-align: right;">258 000 (1) OF</td> </tr> <tr> <td>Less expenses</td> <td></td> <td></td> </tr> <tr> <td>Administrative expenses (44 000(1) - 1200(1))</td> <td style="text-align: right;">42 800</td> <td></td> </tr> <tr> <td>Distribution costs (38 000(1) + 800(1))</td> <td style="text-align: right;">38 800</td> <td></td> </tr> <tr> <td>Irrecoverable debts</td> <td style="text-align: right;">500 (1)</td> <td></td> </tr> <tr> <td>Provision for doubtful debts</td> <td style="text-align: right;">600 (1) OF</td> <td></td> </tr> <tr> <td>Depreciation – non-current assets</td> <td style="text-align: right;"><u>61 000 (1)</u></td> <td style="text-align: right;">143 700</td> </tr> <tr> <td>Profit from operations</td> <td></td> <td style="text-align: right;">114 300</td> </tr> <tr> <td>Debenture interest (700(1) + 700 (1))</td> <td></td> <td style="text-align: right;"><u>1 400</u></td> </tr> <tr> <td>Profit for the year</td> <td></td> <td style="text-align: right;"><u>112 900 (1) OF</u></td> </tr> </table>	JP Limited			Income Statement for the year ended 30 September 2020				\$	\$	Revenue		529 500	Less Cost of sales		<u>271 500 (1) OF</u>	Gross profit		258 000 (1) OF	Less expenses			Administrative expenses (44 000(1) - 1200(1))	42 800		Distribution costs (38 000(1) + 800(1))	38 800		Irrecoverable debts	500 (1)		Provision for doubtful debts	600 (1) OF		Depreciation – non-current assets	<u>61 000 (1)</u>	143 700	Profit from operations		114 300	Debenture interest (700(1) + 700 (1))		<u>1 400</u>	Profit for the year		<u>112 900 (1) OF</u>	12
JP Limited																																															
Income Statement for the year ended 30 September 2020																																															
	\$	\$																																													
Revenue		529 500																																													
Less Cost of sales		<u>271 500 (1) OF</u>																																													
Gross profit		258 000 (1) OF																																													
Less expenses																																															
Administrative expenses (44 000(1) - 1200(1))	42 800																																														
Distribution costs (38 000(1) + 800(1))	38 800																																														
Irrecoverable debts	500 (1)																																														
Provision for doubtful debts	600 (1) OF																																														
Depreciation – non-current assets	<u>61 000 (1)</u>	143 700																																													
Profit from operations		114 300																																													
Debenture interest (700(1) + 700 (1))		<u>1 400</u>																																													
Profit for the year		<u>112 900 (1) OF</u>																																													

Question	Answer			Marks	
3(d)		Increase	Decrease	No effect	4
	Issue of additional debentures			✓	
	Issue of additional ordinary shares	✓ (1)			
	Payment of ordinary share dividend		✓ (1)		
	Proposal of ordinary share dividend			✓ (1)	
	Transfer from retained earnings to general reserve			✓ (1)	

Question	Answer		Marks
4(a)	Workings	Profit for the year	1
	240 000 – 169 000 – 55 000	\$16 000 (1)	

Question	Answer	Marks	
4(b)	Profit margin	6	
	Workings		Answer
	$\frac{16000}{240000} \times \frac{100}{1}$ (1) whole formula		6.67% (1) OF
	Gross margin		
	Workings		Answer
	$\frac{240000 - 169000}{240000} \times \frac{100}{1}$ (1) whole formula		29.58% (1)
	Return on capital employed (ROCE)		
	Workings		Answer
	$\frac{16000}{62000} \times \frac{100}{1}$ (1) whole formula		25.81% (1) OF

Question	Answer	Marks
4(c)	<p>Profit margin General comment Has worsened from 8.56% to 6.67% (1) Possible causes Increase in expenses (1) Poor control over expenses (1) Accept other valid responses Max (1) from possible causes All comments to be based on Own Figures from (b)</p> <p>Gross margin General comment Has worsened from 34.26% to 29.58% (1) Possible causes Reduction in selling price (1) Purchasing from more expensive suppliers / increased cost of sales (1) Accept other valid responses Max (1) from possible causes All comments to be based on Own Figures from (b)</p> <p>Return on capital employed General comment Has worsened from 32.08% to 25.81% (1) Possible causes Increased capital employed (1) Less efficient use of its resources (1) Accept other valid responses Max (1) from possible causes All comments to be based on Own Figures from (b)</p>	6

Question	Answer	Marks
4(d)	<p>Introduce additional capital</p> <p>Advantages Does not have to be repaid (1) No interest cost (1) Accept other valid responses Max (1)</p> <p>Disadvantages May not have enough available funds (1) Greater personal risk (1) Accept other valid responses Max (1)</p> <p>Loan</p> <p>Advantages Instantly available (1) Has two years to pay it off (1) Accept other valid responses Max (1)</p> <p>Disadvantages Annual interest is charged (1) Must be repaid (1) Security may be required (1) Accept other valid responses Max (1)</p> <p>Recommendation (1)</p>	5

Question	Answer		Marks
4(e)	Interested party	The interest they would have	2
	Suppliers/potential suppliers	To assess whether outstanding debts are likely to be paid	
	Bank	To assess the likelihood of loan/overdraft being repaid when due To assess the ability to pay interest on a loan/overdraft To assess the availability of security for a loan	
	Lenders/potential lenders	To assess the likelihood of a loan being repaid when due To assess the ability to pay interest on a loan To assess the availability of security for a loan	
	Investors/potential partners	To assess future prospects of the business To assess profitability	
	Government/tax authorities	To assess the tax due from the owner of the business	
Accept other suitable parties and reasons (1) for one named party + (1) for reason			

Question	Answer		Marks																																				
5(a)	<table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="2" style="text-align: left;">2020</th> <th style="text-align: center;">\$</th> <th colspan="2" style="text-align: left;">Razia Suspense account</th> <th style="text-align: center;">\$</th> </tr> </thead> <tbody> <tr> <td style="width: 15%;">Sep 30</td> <td style="width: 35%;">Sales returns</td> <td style="width: 10%; text-align: right;">300</td> <td style="width: 10%; text-align: right;">(1)</td> <td style="width: 15%;">Sep 30</td> <td style="width: 15%;">Difference on trial balance</td> </tr> <tr> <td></td> <td>Motor repairs</td> <td style="text-align: right;">180</td> <td style="text-align: right;">(1)</td> <td></td> <td></td> </tr> <tr> <td></td> <td>Rent receivable</td> <td style="text-align: right;">310</td> <td style="text-align: right;">(1)</td> <td></td> <td>Kamil</td> </tr> <tr> <td></td> <td>Rent payable</td> <td style="text-align: right;"><u>310</u></td> <td style="text-align: right;">(1)</td> <td></td> <td style="text-align: right;">900</td> </tr> <tr> <td></td> <td></td> <td style="text-align: right;"><u>1 100</u></td> <td></td> <td></td> <td style="text-align: right;"><u>1 100</u></td> </tr> </tbody> </table>		2020		\$	Razia Suspense account		\$	Sep 30	Sales returns	300	(1)	Sep 30	Difference on trial balance		Motor repairs	180	(1)				Rent receivable	310	(1)		Kamil		Rent payable	<u>310</u>	(1)		900			<u>1 100</u>			<u>1 100</u>	6
2020		\$	Razia Suspense account		\$																																		
Sep 30	Sales returns	300	(1)	Sep 30	Difference on trial balance																																		
	Motor repairs	180	(1)																																				
	Rent receivable	310	(1)		Kamil																																		
	Rent payable	<u>310</u>	(1)		900																																		
		<u>1 100</u>			<u>1 100</u>																																		

Question	Answer				Marks
5(b)	Error	Type of error			2
	2	Error of omission (1)			
	4	Error of transposition in one account (1)			
5(c)	Error number	Increase profit	Decrease profit	No effect on profit	7
	1	✓(1)			
	2	✓(1)			
	3			✓(1)	
	4	✓(1)			
	5	✓(1)			
	6		✓(1)		
	7			✓(1)	

Question	Answer	Marks
5(d)	<p>Advantages Less book-keeping (1) No irrecoverable debts (1) Cash received immediately (1) Accept other valid responses Max (2)</p> <p>Disadvantages May lose customers/sales may reduce (1) May adversely affect customer relationships/customer loyalty (1) Increased security issues (1) Accept other valid responses Max (2)</p> <p>Recommendation (1)</p>	5