Cambridge IGCSE

Cambridge Assessment International Education
Cambridge International General Certificate of Secondary Education

ACCOUNTING **0452/22**

Paper 2 **March 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 March 2019 series for most Cambridge IGCSE™, Cambridge International A and AS Level components and some Cambridge O Level components.

Cambridge Assessment International Education

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)	Narinder General Ledger Purchases account	**13**

Date	Details	$	Date	Details	$
2019					
Jan 5	Bank **(1)**	1 890			

Sales account

Date	Details	$	Date	Details	$
			2019		
			Jan 30	Cash **(1)**	1 620
			31	Total for month **(1)**	1 980

Wages account

Date	Details	$	Date	Details	$
2019					
Jan 31	Cash **(1)**	1 334			

Drawings account

Date	Details	$	Date	Details	$
2019					
Jan 31	Cash **(1)**	120			

Sales returns account

Date	Details	$	Date	Details	$
2019					
Jan 31	Total for month **(1)**	140			

Discount allowed account

Date	Details	$	Date	Details	$
2019					
Jan 31	Total for month **(1)**	26			

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1(a)</td><td>
Sales Ledger
Amrik account
<table>
<tr><th>Date</th><th>Details</th><th>$</th><th>Date</th><th>Details</th><th>$</th></tr>
<tr><td>2019
Jan 1
17</td><td>
Sales (1)
Bank (dis chq) (1)</td><td>
540
540</td><td>2019
Jan 10</td><td>
Bank (1)</td><td>
540</td></tr>
</table>
Noor account
<table>
<tr><th>Date</th><th>Details</th><th>$</th><th>Date</th><th>Details</th><th>$</th></tr>
<tr><td>2019
Jan 16</td><td>
Sales (1)</td><td>
1 440</td><td>2019
Jan 18
28</td><td>
Returns (1)
Bank }(1)
Discount }</td><td>
140
1 274
26</td></tr>
</table>
</td><td></td></tr>
<tr><td>1(b)</td><td>1 February 2018 Balance b/d
This is the amount of the provision for doubtful debts at the start of the financial year (1)
Name of account: provision for doubtful debts account for the previous year }(1)
Debit or credit: debit }

31 January 2019 Balance c/d
This is the total of the provision for doubtful debts at the end of the year/the provision required for the following financial year (1)

Name of account: provision for doubtful debts account for the following year }(1)
Debit or credit: credit }</td><td>4</td></tr>
<tr><td>1(c)(i)</td><td>This is the difference between the opening and closing provision for doubtful debts/the amount which is needed to increase the provision to the required amount (1)</td><td>1</td></tr>
<tr><td>1(c)(ii)</td><td>Decrease profit</td><td>1</td></tr>
</table>

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(a)</td><td>

Aysha
Rent payable account

Date	Details	$	Date	Details	$
2018			2019		
Feb 1	Balance b/d **(1)**	1 000	Jan 31	Income statement **(1)**	6 000
Apl 30	Bank **}(1)**	3 000		Balance c/d	1 500
Oct 31	Bank **}**	3 500			
		7 500			7 500
2019					
Feb 1	Balance b/d **(1)OF**	1 500			

Aysha
Rent receivable account

Date	Details	$	Date	Details	$
2018			2018		
Feb 1	Balance b/d **(1)**	600	Mar 31	Cash **}(1)**	800
2019			May 1	Bank **}**	2 000
Jan 31	Income statement **(1)**	2 400	2019		
			Jan 31	Balance c/d	200
		3 000			3 000
2019					
Feb 1	Balance b/d **(1)OF**	200			

+ (1) dates

</td><td>9</td></tr>
<tr><td>2(b)</td><td>February 6 Invoice (1)
Aysha (1)

12 Debit note (1)
Ravi (1)

14 Credit note (1)
Aysha (1)</td><td>6</td></tr>
<tr><td>2(c)</td><td>Statement of account (1)
Remind Ravi of the amount due/show the balance owing at the month end
Summarise the transactions for the month
Allow Ravi to check his records against it
Any 1 reason (1)</td><td>2</td></tr>
</table>

Question	Answer	Marks
2(d)	Ravi Aysha account <table><tr><td>Date 2019 Feb14 21 28</td><td>Details Returns **(1)** Bank **}(1)** Discount **}** Balance c/d</td><td>$ 160 390 10 425 985</td><td>Date 2019 Feb 1 6 2019 Mar 1</td><td>Details Balance b/d **(1)** Purchases **(1)** Carriage **(1)** Balance b/d **(1)OF**</td><td>$ 400 560 25 985 425</td></tr></table>	**6**
2(e)	Ravi Journal <table><tr><td></td><td>Debit $</td><td>Credit $</td></tr><tr><td>Aysha (purchases ledger account) **(1)** Aysha (sales ledger account) **(1)** Transfer of balance on a sales ledger to an account in the purchases ledger **(1)**</td><td>230</td><td> 230</td></tr></table>	**3**

Question	Answer	Marks
3(a)	Bari and Nada Draft Statement of Financial Position at 31 December 2018	13

Assets	$	$	$	
Non-current assets				
Premises			220 000	
Other non-current assets			92 650	
			312 650	**(1)**
Current assets				
Trade receivables		25 500		
Less Provision for doubtful debts		510	24 990	**(1)**
Other receivables			910	
Bank			21 890	
			47 790	**(1)**
Total assets			360 440	
Capital and liabilities				
	Bari	Nada	Total	
Capital accounts	150 000	100 000	250 000	**(1)**
Current accounts				
Balance 1 Jan 2018	950	(150)		**(1)**
Interest on capital	7 500	5 000		**(1)**
Partner's salary	20 000			**(1)**
Share of profit	2 718	1 812		**(1)**
	31 168	6 662		
Drawings	11 000	13 000		**(1)**
Interest on drawings	660	780		**(1)**
	11 660	13 780		
	19 508	(7 118)	12 390	**(1)**
			262 390	
Non-current liabilities				
Loan (repayable 2025)			80 000	**(1)**
Current Liabilities				
Trade payables			17 250	
Other payables			800	
			18 050	**(1)**
Total capital and liabilities			360 440	

Question	Answer	Marks
3(b)	Capital expenditure Money spend on acquiring, improving and installing non-current assets **(1)** Example Purchase of any non-current asset, legal costs for purchase of premises, cost of installation of non-current asset, cost of carriage on delivery of non-current asset, etc. **Any suitable example (1)** Capital receipt Amounts received which do not form part of the day-to-day trading activities **(1)** Example Receipt of loan, additional capital, proceeds of sale of non-current asset at book value, etc. **Any suitable example (1)** Revenue expenditure Money spent on the running of a business on a day-to-day basis **(1)** Example Any expense such as wages, rent, insurance, etc. **Any suitable example (1)** Revenue receipt Amounts received in the day-to-day trading activities and other items of income**(1)** Example Sales, commission received, interest received, rent received, etc. **Any suitable example (1)**	**8**
3(c)(i)	| | $ | | Cost of premises | 89 000 | Legal fees | 5 050 | **(1)** Decoration costs | 1 650 | **(1)** | 95 700 | **(1)OF**	**3**
3(c)(ii)	| | $ | | Profit for the year | 35 590 | Legal fees | (250) | **(1)** Decoration costs | (1 650) | **(1)** Insurance | (1 200) | **(1)** | 32 490 | **(1)OF**	**4**

Question	Answer	Marks
4(a)	Jai Corrected Trial Balance at 31 December 2019	

	Debit $	Credit $	
Revenue		196 000	
Purchases	116 500		
Inventory 1 January 2018	9 410		**(1)**
Purchases returns		4 500	**(1)**
Premises at cost	110 500		
Fixtures and fittings at cost	12 000		
Motor vehicle at cost (16 190 – 190)	16 000		**(1)**
Provision for depreciation of fixtures and fittings		4 320	**(1)**
Provision for depreciation of motor vehicle		7 000	
Bank overdraft (1180 + 34)		1 214	**(1)**
Trade receivables (18 000 – 100)	17 900		**(1)**
Trade payables		9 383	
Office expenses	16 121		
Discount received		2 100	**(1)**
Discount allowed	1 900		
Drawings	3 100		**(1)**
Capital 1 January 2018		79 100	
Motor expenses	190		**(1)**
Bank charges	34		**(1)**
Bad debts	100		**(1)**
Suspense		138	**(1)**
	303 755	303 755	**(1) OF**

Question	Answer	Marks
4(b)		**7**

Error	Entry required to correct the error					
	Debit			Credit		
	Account	$		Account	$	
Error 4	*Office expenses*	*21*		*Suspense*	*21*	
Error 5	Suspense	9	**(1)**	Meena	9	**(1)**
Error 6	Purchases returns	450	**(1)**	Suspense	450	**(1)**
Error 7	Suspense	600	**(1)**	Sales	300	**(1)**
				K Limited	300	**(1)**

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>4(c)</td><td>
<table>
<tr><td rowspan="2"></td><td colspan="3">effect on profit for the year</td><td colspan="3">effect on assets</td></tr>
<tr><td>over-stated</td><td>under-stated</td><td>no effect</td><td>over-stated</td><td>under-stated</td><td>no effect</td></tr>
<tr><td>4</td><td>✓(1)</td><td></td><td></td><td></td><td></td><td>✓(1)</td></tr>
<tr><td>5</td><td></td><td></td><td>✓(1)</td><td>✓(1)</td><td></td><td></td></tr>
<tr><td>6</td><td>✓(1)</td><td></td><td></td><td></td><td></td><td>✓(1)</td></tr>
<tr><td>7</td><td></td><td>✓(1)</td><td></td><td>✓(1)</td><td></td><td></td></tr>
</table>
</td><td>8</td></tr>
</table>

Question	Answer	Marks
5(a)	Inventory not sold as quickly in second year/inventory turnover reduced/ decreased/went down/fell from 9.45 to 8.17 May be the result of a slowing of sales activity/falling demand May be as a result of holding increased levels of inventory Money tied up in inventory for longer **Or other suitable comments** **Any 2 comments (1) each**	**2**
5(b)	Will not obtain cash discount May be charged interest on late payment Relationship with suppliers damaged May be using the funds for other purposes **Or other suitable comments** **Any 2 comments (1) each**	**2**
5(c)	Credit customers taking longer to pay their accounts Affects ability to pay credit suppliers Money is not available for other purposes Credit customers will not qualify for cash discount May be result of poor credit control Greater risk of bad debts Can charge interest on late payments **Or other suitable comments** **Any 2 comments (1) each**	**2**
5(d)(i)	(31 200 + 30 900 + 14 000 + 100) : (32 000 + 10 000) 76 200 : 42 000 **(1)** 1.81 : 1 **(1)**	**2**
5(d)(ii)	(30 900 + 14 000 + 100) : (32 000 + 10 000) 45 000 : 42 000 **(1)** 1.07 : 1 **(1)**	**2**

Question	Answer	Marks
5(e)	Increase in inventory Increase in current liabilities Decrease in trade receivables Increased expenditure on non-current assets Repayment of long-term liabilities Decrease in bank balance/decrease in cash Increase in dividends **Any 1 reason (1)**	**1**
5(f)	<table><tr><th></th><th>increase</th><th>decrease</th><th>no effect</th></tr><tr><td>Proposal 1</td><td></td><td>✓**(1)**</td><td></td></tr><tr><td>Proposal 2</td><td></td><td></td><td>✓**(1)**</td></tr><tr><td>Proposal 3</td><td>✓**(1)**</td><td></td><td></td></tr><tr><td>Proposal 4</td><td>✓**(1)**</td><td></td><td></td></tr></table>	**4**
5(g)(i)	Current ratio will increase **(1)** Current liabilities decrease: no change in current assets **(1)**	**2**
5(g)(ii)	Current ratio will increase **(1)** Current liabilities decrease: current assets decrease by a smaller amount **(1)**	**2**