Cambridge Assessment International Education

Cambridge IGCSE™

ACCOUNTING **0452/22**

Paper 22 **March 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 March 2020 series for most Cambridge IGCSE™, Cambridge International A and AS Level 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)	Amara Petty Cash Book	**10**

Total received $	Date	Details	Total paid $	Travel $	Postage and stationery $	Ledger accounts $
	2020					
65	Jan 1	Balance b/d				
135		Bank **(1)**				
	3	Stationery **(1)**	24		24	
	7	Travel **(1)**	49	49		
	14	Razvan **(1)**	85			85
	22	Taxi fare **(1)**	18	18		
	29	Postage **(1)**	11		11	
			187	67	35	85
	31	Balance c/d	13			
200			200			
13	Feb 1	Balance b/d **(1)**				

+ (1) dates
+ (1) OF totalling analysis columns
+ (1) OF for 2 matching totals

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1(b)</td><td>Razvan
Amara account

<table>
<tr><td>2020</td><td></td><td>$</td><td></td><td>2020</td><td></td><td>$</td><td></td></tr>
<tr><td>Jan 1</td><td>Balance b/d</td><td>85</td><td>(1)</td><td>Jan 14</td><td>Petty cash</td><td>85</td><td>(1)</td></tr>
<tr><td>19</td><td>Sales</td><td>180</td><td>(1)</td><td>28</td><td>Sales returns</td><td>36</td><td>(1)</td></tr>
<tr><td></td><td></td><td></td><td></td><td>31</td><td>Balance c/d</td><td>144</td><td></td></tr>
<tr><td></td><td></td><td>265</td><td></td><td></td><td></td><td>265</td><td></td></tr>
<tr><td>Feb 1</td><td>Balance b/d</td><td>144</td><td>(1)OF</td><td></td><td></td><td></td><td></td></tr>
</table>
+ (1) dates</td><td>6</td></tr>
<tr><td>1(c)</td><td>
<table>
<tr><td></td><td>debit</td><td>credit</td><td>no entry</td><td></td></tr>
<tr><td>Amara account</td><td></td><td>✓</td><td></td><td>(1)</td></tr>
<tr><td>Discount allowed account</td><td>✓</td><td></td><td></td><td>}</td></tr>
<tr><td>Discount received account</td><td></td><td></td><td>✓</td><td>}(1)</td></tr>
</table></td><td>2</td></tr>
<tr><td>1(d)</td><td>Direct debit (1)
Credit card/Debit card (1)
Online/electronic payment (1)
Telephone transfer (1)
Credit transfer (1)
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>2(a)</td><td>GHB Limited
Purchases ledger control account
<table>
<tr><td>2019</td><td></td><td>$</td><td></td><td>2019</td><td></td><td>$</td><td></td></tr>
<tr><td>Nov 30</td><td>Purchases returns</td><td>1 160</td><td>(1)</td><td>Nov 1</td><td>Balance b/d</td><td>12 050</td><td>(1) OF</td></tr>
<tr><td></td><td>Discount received</td><td>650</td><td>(1)</td><td>30</td><td>Purchases</td><td>14 200</td><td>(1)</td></tr>
<tr><td></td><td>Bank</td><td>11 420</td><td>(1)</td><td></td><td>Interest</td><td>95</td><td>(1)</td></tr>
<tr><td></td><td>Sales ledger</td><td>250</td><td>(1)</td><td></td><td>Bank</td><td>330</td><td>(1)</td></tr>
<tr><td></td><td>Balance c/d</td><td>13 195</td><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td></td><td></td><td>26 675</td><td></td><td></td><td></td><td>26 675</td><td></td></tr>
<tr><td></td><td></td><td></td><td></td><td>Dec 1</td><td>Balance b/d</td><td>13 195</td><td>(1)</td></tr>
</table></td><td>9</td></tr>
<tr><td>2(b)</td><td>The purchases ledger control account does not include capital expenditure/non-current assets (1)
The purchases ledger control account only includes purchases of goods for resale (1)
The purchases ledger control account only includes transactions relating to trade payables (1)
Accept other valid points
Max (2)</td><td>2</td></tr>
<tr><td>2(c)(i)</td><td>Reducing balance method (1)</td><td>1</td></tr>
<tr><td>2(c)(ii)</td><td>More depreciation is charged in the early years of its life (1)
Most of the benefit of the asset is gained in the early years (1)
The net book value is more likely to relate to the amount which will be realised on sale (1)
The vehicle may become out-of-date quickly depending on the vehicle type (1)
As repair costs are likely to be minimal in the early years, the overall charge to the income statement each year is more likely to be fairly constant if the reducing balance method is used (1)
Accept other valid points
Max (3)</td><td>3</td></tr>
</table>

Question	Answer	Marks
2(d)	**Ordinary shares** Advantages: Shares could be sold to new or existing shareholders **(1)** Shares are permanent capital/do not have to be repaid **(1)** Dividends vary according to the profit **(1)** **Accept other valid points** **Max (1)** Disadvantages: It may take longer to raise the funds **(1)** Increased dividends may have to be paid **(1)** All the shares need to be sold in order to raise the amount required **(1)** Less control for existing shareholders **(1)** **Accept other valid points** **Max (1)** **Bank loan** Advantages: Easier to set up/quicker to obtain funds **(1)** May be repaid early **(1)** **Accept other valid points** **Max (1)** Disadvantages: A fixed rate of interest needs to be paid each year **(1)** The interest would be payable irrespective of profit **(1)** Must be re-paid in full within a fixed period **(1)** Security would have to be provided **(1)** **Accept other valid points** **Max (1)** **Recommendation (1)**	**5**

Question	Answer					Marks
3(a)	**Tia and Sarna**					8
	Income Statement for the year ended 31 December 2019					
		$		$		
	Revenue			124 000		
	Cost of sales					
	Opening inventory	5 390				
	Purchases	55 440				
		60 830				
	Less Closing inventory	5 165				
				55 665	**(1)**	
	Gross profit			68 335	**(1)OF**	
	Discount received			1 385	**(1)**	
				69 720		
	Less Expenses					
	Discount allowed	2 400	**}**			
	Carriage outwards	6 160	**}(1)**			
	Insurance (7 920 – 1 080)	6 840	**(1)**			
	General expenses	8 100	**}**			
	Wages	9 600	**}(1)**			
	Depreciation on Furniture (20% × 24 000)	4 800	**(1)**	37 900		
	Profit for the year			31 820	**(1)OF**	
3(b)	**Tia and Sarna**					4
	Appropriation Account for the year ended 31 December 2019					
		$		$		
	Profit for the year			31 820	**(1) OF**	
	Less Interest on capital Tia	4 000				
	Sarna	2 000				
		6 000	**(1)**			
	Salary Tia	6 000	**(1)**	12 000		
				19 820		
	Profit share Tia	9 910	**}(1) OF**			
	Sarna	9 910	**}**	19 820		

Question	Answer	Marks
3(c)	Tia and Sarna Sarna Current account 2019 Dec 31 Drawings $17 000 **(1)** Total 17 000 2020 Jan 1 Balance b/d 3 490 **(1)OF** 2019 Jan 1 Balance b/d $1 600 Dec 31 Interest on capital 2 000 **(1)OF** Profit 9 910 **(1)OF** Balance c/d 3 490 Total 17 000	**4**
3(d)	Advantages It would reduce cash sitting idle in the business bank account **(1)** The levels of trade receivables and trade payables suggest that there will be future net cash inflow **(1)** Interest would be earned on the amount transferred **(1)** **Accept other valid points** **Max (2)** Disadvantages It may not be possible to withdraw money from the deposit account without giving notice **(1)** Cash may not be available if Tia decides to draw the full amount to which she is entitled at the end of the year **(1)** Will decrease working capital/will reduce liquidity **(1)** Tia and Sarna may be considering other uses for the cash **(1)** **Accept other valid points** **Max (2)** **Max (3) for advantages and disadvantages** **Recommendation (1)**	**4**

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>4(a)</td><td>

Arjun
Journal

Error number	Details	Debit $	Credit $
1	Commission receivable Discount received Correction of error – cash book total for discount received incorrectly posted **(1)**	135 **(1)**	135 **(1)**
2	Fixtures and fittings Disposal of fixtures and fittings Correction of error – proceeds of sale of fittings incorrectly posted **(1)**	200 **(1)**	200 **(1)**
3	Purchases Cash Correction of error – cash drawings posted in error to purchases **(1)**	40 **(1)**	40 **(1)**

</td><td>9</td></tr>
<tr><td>4(b)</td><td>

Arjun
Suspense account

2020		$		2020		$	
Jan 31	Difference on trial balance	1 077	**(1)OF**	Jan 31	Equipment repairs	575	**(1)**
					Equipment	575	**(1)**
	Office expenses	73	**(1)**				
		1 150				1 150	

</td><td>4</td></tr>
</table>

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></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>3</td><td>✓</td><td></td><td></td></tr>
<tr><td>4</td><td></td><td>✓(1)</td><td></td></tr>
<tr><td>5</td><td>✓ (1)</td><td></td><td></td></tr>
<tr><td>6</td><td>✓ (1)</td><td></td><td></td></tr>
<tr><td>7</td><td></td><td></td><td>✓(1)</td></tr>
</table>
</td><td>4</td></tr>
<tr><td>4(d)</td><td>Full control of the business (1)
Decisions can be taken quickly (1)
Profits do not have to be shared/distributed (1)
Book-keeping and accounting are simpler (1)
Financial statements do not have to be published (1)
Accept other valid points
Max (3)</td><td>3</td></tr>
</table>

Question	Answer	Marks
5(a)	**profit margin** workings: $\frac{27\,900}{186\,000} \times \frac{100}{1}$ **(1) whole formula** answer: 15% **(1)** **Trade payables turnover (days)** workings: $\frac{9\,435}{93\,075} \times \frac{365}{1}$ **(1) whole formula** answer: 37 days **(1)** **Trade receivables turnover (days)** workings: $\frac{14\,010}{186\,000} \times \frac{365}{1}$ **(1) whole formula** answer: 28 days **(1)** **Liquid ratio** workings: 14 010 : 11 675 **(1) whole formula** answer: 1.2 : 1 **(1)**	**8**

Question	Answer	Marks
5(b)	**Bank** May damage relationship with bank **(1)** Already has a bank loan as well as the overdraft **(1)** Has nearly reached his overdraft limit **(1)** Bank may charge increased interest if overdraft limit is exceeded **(1)** **Accept other valid points** **Max (2)** **Trade payables** Relationship with suppliers may be damaged if he delays paying them **(1)** Is taking longer to pay trade payables than he did last year **(1)OF** May already be taking longer to pay than the credit period allowed **(1)** Trade payables may refuse future supplies **(1)** Interest may be charged on the overdue amount/cash discount will be forfeited **(1)** **Accept other valid points** **Max (2)** **Recommendation (1)**	**5**
5(c)	Sell surplus non-current assets **(1)** Increase bank loan/additional bank loan **(1)** Obtain loan from another source **(1)** Convert to a partnership/limited company **(1)** Introduce additional capital **(1)** More efficient credit control **(1)** Sell on a cash basis **(1)** Reduce drawings **(1)** **Accept other valid points** **Max (3)**	**3**

Question	Answer	Marks
5(d)(i)	To calculate the profit for the year **(1)** To assess progress of the business **(1)** To provide information for calculation of ratios **(1)** For comparison purposes **(1)** To indicate where corrective action is required **(1)** To assist planning **(1)** To provide required information for the tax authorities **(1)** **Accept other valid points** **Max (2)**	**2**
5(d)(ii)	Non-monetary items cannot be recorded/only items which can be expressed in monetary terms can be recorded **(1)** Money is a widely used/understood unit of measure **(1)** Transactions are traditionally recorded in money terms **(1)** Subjectivity/personal opinion is avoided **(1)** Easier to make comparisons year-on-year/with other businesses **(1)** **Accept other valid points** **Max (2)**	**2**