



ACCOUNTING

0452/22

Paper 2

October/November 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 October/November 2019 series for most Cambridge IGCSE™, Cambridge International A and AS Level components and some Cambridge O Level components.

This document consists of **20** 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)	<p style="text-align: center;">Tebogo Sales Journal</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>Date</th> <th>Details</th> <th>\$</th> <th>\$</th> <th></th> </tr> </thead> <tbody> <tr> <td>2019 Aug 6</td> <td>Kayla Less 20% trade discount</td> <td>1400 <u>280</u></td> <td>1120</td> <td>(1)</td> </tr> <tr> <td>18</td> <td>Nyack</td> <td></td> <td>620</td> <td>}</td> </tr> <tr> <td>30</td> <td>Kayla</td> <td></td> <td>160</td> <td>}(1)</td> </tr> <tr> <td>31</td> <td>Transfer to sales account</td> <td></td> <td><u>1900</u></td> <td>} (1) OF</td> </tr> </tbody> </table> <p style="text-align: center;">Tebogo Sales Returns Journal</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>Date</th> <th>Details</th> <th>\$</th> <th>\$</th> <th></th> </tr> </thead> <tbody> <tr> <td>2019 Aug 12</td> <td>Kayla Less 20% trade discount</td> <td>300 <u>60</u></td> <td>240</td> <td>(1)</td> </tr> <tr> <td>24</td> <td>Nyack</td> <td></td> <td>155</td> <td>}</td> </tr> <tr> <td>31</td> <td>Transfer to sales returns account</td> <td></td> <td><u>395</u></td> <td>}(1) OF</td> </tr> </tbody> </table>	Date	Details	\$	\$		2019 Aug 6	Kayla Less 20% trade discount	1400 <u>280</u>	1120	(1)	18	Nyack		620	}	30	Kayla		160	}(1)	31	Transfer to sales account		<u>1900</u>	} (1) OF	Date	Details	\$	\$		2019 Aug 12	Kayla Less 20% trade discount	300 <u>60</u>	240	(1)	24	Nyack		155	}	31	Transfer to sales returns account		<u>395</u>	}(1) OF	5
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1(c)(i)	<p>Effect on profit – May increase (1) Reason – amount of discount allowed/expense decreases (1) OR Credit customers may not pay in time to receive cash discount as incentive of cash discount now reduced (1) OR Effect on profit – May decrease (1) Reason – credit customers may find another supplier offering better terms (1)</p> <p>Or other suitable reason</p>	2																														

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1(c)(ii)	Effect on liquidity – May decrease (1) Reason – Credit customers may take longer to pay as incentive of cash discount now reduced (1) OR Credit customers may find another supplier offering better terms (1) OR Effect on liquidity – May increase (1) Reason – Credit customers will pay more because cash discount reduced (1) Or Credit customers may pay quicker as credit period reduced (1) Or other suitable reason	2

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2(b)	Straight line (fixed instalment) Revaluation Any 1 method (1)			1																											

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4(c)	<p>Full details are available about the assets, liabilities, revenues and expenses of the business/detailed records are available for reference purposes</p> <p>The preparation of financial statements is relatively straightforward</p> <p>The calculation of the profit or loss for the year is likely to be reliable and accurate</p> <p>More informed decision-making is possible</p> <p>A greater degree of control over business activities can be exercised</p> <p>The possibility of fraud is reduced</p> <p>Information required by a bank or other lender is readily available</p> <p>Or other suitable points</p> <p>Any 2 advantages (1) each</p>	2

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5(a)	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="5" style="text-align: center;">Entry required to correct the error</th> </tr> <tr> <th colspan="2"></th> <th colspan="2" style="text-align: center;">Debit</th> <th colspan="2" style="text-align: center;">Credit</th> </tr> <tr> <th colspan="2"></th> <th style="text-align: center;">account</th> <th style="text-align: center;">\$</th> <th style="text-align: center;">account</th> <th style="text-align: center;">\$</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">1</td> <td>sales sales returns</td> <td style="text-align: center;">990 990</td> <td></td> <td style="text-align: center;">suspense</td> <td style="text-align: center;">1980</td> </tr> <tr> <td style="text-align: center;">2</td> <td>Nadia</td> <td style="text-align: center;">65 (1)</td> <td></td> <td style="text-align: center;">Nadira</td> <td style="text-align: center;">65 (1)</td> </tr> <tr> <td style="text-align: center;">3</td> <td>drawings</td> <td style="text-align: center;">150 (1)</td> <td></td> <td style="text-align: center;">purchases</td> <td style="text-align: center;">150 (1)</td> </tr> <tr> <td style="text-align: center;">4</td> <td>no entry</td> <td style="text-align: center;">– (1)</td> <td></td> <td style="text-align: center;">suspense</td> <td style="text-align: center;">4100 (1)</td> </tr> <tr> <td style="text-align: center;">5</td> <td>discount received discount allowed</td> <td style="text-align: center;">340 (1) 430 (1)</td> <td></td> <td style="text-align: center;">suspense</td> <td style="text-align: center;">770 (1)</td> </tr> </tbody> </table>				Entry required to correct the error							Debit		Credit				account	\$	account	\$	1	sales sales returns	990 990		suspense	1980	2	Nadia	65 (1)		Nadira	65 (1)	3	drawings	150 (1)		purchases	150 (1)	4	no entry	– (1)		suspense	4100 (1)	5	discount received discount allowed	340 (1) 430 (1)		suspense	770 (1)	9
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5(b)	<p>No (1) The errors discovered will not cancel out the original difference on the trial balance of \$7000/the suspense account will still have a balance (1)</p>				2																																															

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5(c)	<p style="text-align: center;">Sabir</p> <p style="text-align: center;">Statement of corrected profit for the year ended 30 September 2019</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th data-bbox="618 331 981 440">Draft profit for the year before corrections</th> <th data-bbox="981 331 1144 440"></th> <th data-bbox="1144 331 1305 440"></th> <th data-bbox="1305 331 1509 440"></th> <th data-bbox="1509 331 1659 440">\$31 400</th> </tr> <tr> <th data-bbox="618 440 981 541"></th> <th data-bbox="981 440 1144 541">No effect on profit</th> <th data-bbox="1144 440 1305 541">Increase in profit</th> <th data-bbox="1305 440 1509 541">Decrease in profit</th> <th data-bbox="1509 440 1659 541"></th> </tr> </thead> <tbody> <tr> <td data-bbox="618 541 981 641">Error 1</td> <td data-bbox="981 541 1144 641"></td> <td data-bbox="1144 541 1305 641"></td> <td data-bbox="1305 541 1509 641">\$990 (1) \$990 (1)</td> <td data-bbox="1509 541 1659 641"></td> </tr> <tr> <td data-bbox="618 641 981 711">Error 2</td> <td data-bbox="981 641 1144 711">✓(1)</td> <td data-bbox="1144 641 1305 711"></td> <td data-bbox="1305 641 1509 711"></td> <td data-bbox="1509 641 1659 711"></td> </tr> <tr> <td data-bbox="618 711 981 782">Error 3</td> <td data-bbox="981 711 1144 782"></td> <td data-bbox="1144 711 1305 782">\$150 (1)</td> <td data-bbox="1305 711 1509 782"></td> <td data-bbox="1509 711 1659 782"></td> </tr> <tr> <td data-bbox="618 782 981 852">Error 4</td> <td data-bbox="981 782 1144 852"></td> <td data-bbox="1144 782 1305 852"></td> <td data-bbox="1305 782 1509 852">\$4100 (1)</td> <td data-bbox="1509 782 1659 852"></td> </tr> <tr> <td data-bbox="618 852 981 963">Error 5</td> <td data-bbox="981 852 1144 963"></td> <td data-bbox="1144 852 1305 963"></td> <td data-bbox="1305 852 1509 963">\$340 (1) \$430 (1)</td> <td data-bbox="1509 852 1659 963"></td> </tr> <tr> <td data-bbox="618 963 981 1034">Total difference</td> <td data-bbox="981 963 1144 1034"></td> <td data-bbox="1144 963 1305 1034">\$150</td> <td data-bbox="1305 963 1509 1034">\$6850</td> <td data-bbox="1509 963 1659 1034">(6700)</td> </tr> <tr> <td data-bbox="618 1034 981 1182">Corrected profit for the year</td> <td data-bbox="981 1034 1144 1182"></td> <td data-bbox="1144 1034 1305 1182"></td> <td data-bbox="1305 1034 1509 1182"></td> <td data-bbox="1509 1034 1659 1182"><u>\$24 700</u> (2)CF (1)OF</td> </tr> </tbody> </table>				Draft profit for the year before corrections				\$31 400		No effect on profit	Increase in profit	Decrease in profit		Error 1			\$990 (1) \$990 (1)		Error 2	✓(1)				Error 3		\$150 (1)			Error 4			\$4100 (1)		Error 5			\$340 (1) \$430 (1)		Total difference		\$150	\$6850	(6700)	Corrected profit for the year				<u>\$24 700</u> (2)CF (1)OF	9
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Question	Answer	Marks
6(a)	<p>Percentage of gross profit to revenue $\frac{(42\,000 - 35\,490)}{42\,000} \times \frac{100}{1} \text{ (1) whole formula} = 15.50\% \text{ (1)}$</p> <p>Percentage of profit to revenue $\frac{(6510 \text{ OF} - 3772)}{42\,000} \times \frac{100}{1} \text{ (1) OF whole formula} = 6.52\% \text{ (1)OF}$</p> <p>Return on capital employed $\frac{2738 \text{ OF}}{(53\,000 + 10\,000)} \times \frac{100}{1} \text{ (1) OF whole formula} = 4.35\% \text{ (1)OF}$</p> <p>Rate of inventory turnover $\frac{35\,490}{(860 + 920) / 2} \text{ (1) whole formula} = 39.88 \text{ times (1)}$</p>	8

Question	Answer	Marks
6(b)	Dealing in different types of goods Furniture has a higher profit mark-up than fruit and vegetables Any 2 points (1) each	2
6(c)	Fruit and vegetables are a low-priced everyday product/furniture is a higher priced article which is not purchased daily Fruit and vegetables will go bad if kept for a long period of time/furniture does not deteriorate as quickly as fresh food. Or other relevant reason Any 1 reason (1)	1
6(d)	Wages, insurance of premises, bad debts, increase in provision for doubtful debts, cash discount allowed Or other suitable expenses Any 2 expenses (1) each	2
6(e)	Dealing in different goods Different type of business (sole trader/partnership) Different length of life of business Different types of expenses Different size of business Results are for one year only and may not show trends The statements do not show non-monetary factors It may not be possible to obtain all the information needed to make comparisons Different accounting policies may be used Or other relevant factors Any 4 factors (1) each	4

Question	Answer	Marks
6(f)	Increase in selling price will increase margin/mark-up (1) so gross profit will increase (1) Increase in selling price may make customers go elsewhere (1) so gross profit will decrease (1)	2
6(g)	How much capital will Sabeena invest? Will the annual profit be increased with the injection of more capital? What share of profit will Sabeena require? Will Sabeena work in the business? Will Sabeena require an annual salary? What areas of expertise will Sabeena bring to the business? Are they going to be able to work together without disputes arising? Or other relevant factors Any 3 factors (1) each	3