



# Cambridge IGCSE<sup>®</sup>

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**ACCOUNTING**

**0452/02**

Paper 2 Structured Written Paper

**For examination from 2020**

MARK SCHEME

Maximum Mark: 100

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**Specimen**

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This document has **12** pages. Blank pages are indicated.

**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.

**MARK SCHEME NOTES**

The following notes are intended to aid interpretation of the mark scheme.

**Abbreviation**

**OF** Own Figure (**OF**) marks are awarded when an incorrect figure for which candidates may have previously lost marks has been correctly carried forward.

Question	Answer										Marks	
1(a)	Shahid Cash Book										11	
	Date	Details	Discount allowed \$	Cash \$	Bank \$	Date	Details	Discount received \$	Cash \$	Bank \$		
	2017 Aug 1	Balance b/d		50	507	2017 Aug 1	Balance b/d		7150	7150		
	24	Mariam (1)	13			9	EN Supplies					
	30	Sales (1)		3224	3174	18	(dis cheque) (1)		362	362		
	31	Cash c (1)OF		4285	4285	27	Drawings (1)		54	54		
		Balance c/d					Office equipment (1)		365	365		
						31	Office equipment repairs (1)		3174	35		
	2017 Sept 1	Balance b/d	13	3274	7966	2017 Sept 1	Bank c (1)		3274	7966		
				100 (1)			Balance c/d			4285 (1)OF		
	<b>+ (1) dates</b>											
1(b)	Transaction	Document	Book of prime entry									4
	August 9 Goods 13 Returns	Sales invoice (1) Credit note issued (1)	Sales journal (1) Sales returns journal (1)									

Question	Answer	Marks																																								
1(c)	<p style="text-align: center;">Mariam Shahid account</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Date</th> <th style="text-align: left;">Details</th> <th style="text-align: left;">Date</th> <th style="text-align: left;">Details</th> <th style="text-align: left;">\$</th> </tr> </thead> <tbody> <tr> <td>2017</td> <td></td> <td>2017</td> <td></td> <td></td> </tr> <tr> <td>Aug 13</td> <td>Purchases returns</td> <td>Aug 1</td> <td>Balance b/d</td> <td>520</td> </tr> <tr> <td>24</td> <td>Bank</td> <td>9</td> <td>Purchases</td> <td>340 (1)</td> </tr> <tr> <td></td> <td>Discount</td> <td></td> <td></td> <td></td> </tr> <tr> <td>31</td> <td>Balance c/d</td> <td></td> <td></td> <td><u>860</u></td> </tr> <tr> <td></td> <td></td> <td>2017</td> <td></td> <td></td> </tr> <tr> <td></td> <td></td> <td>Sept 1</td> <td>Balance b/d</td> <td>316 (1) <b>OF</b></td> </tr> </tbody> </table>	Date	Details	Date	Details	\$	2017		2017			Aug 13	Purchases returns	Aug 1	Balance b/d	520	24	Bank	9	Purchases	340 (1)		Discount				31	Balance c/d			<u>860</u>			2017					Sept 1	Balance b/d	316 (1) <b>OF</b>	5
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2(a)	<p style="text-align: center;">Yasmin Manufacturing Account for the year ended 30 April 2017</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;"></th> <th style="text-align: left;">\$</th> </tr> </thead> <tbody> <tr> <td>Cost of materials used</td> <td></td> </tr> <tr> <td>Purchases of raw materials</td> <td>30 100 (1)</td> </tr> <tr> <td>Less Closing inventory of raw materials</td> <td><u>3 150 (1)</u></td> </tr> <tr> <td></td> <td>26 950</td> </tr> <tr> <td>Direct wages (31 500 + 800)</td> <td>32 300 (1)</td> </tr> <tr> <td>Prime cost</td> <td><u>59 250 (1)</u></td> </tr> <tr> <td>Factory overheads</td> <td></td> </tr> <tr> <td>Indirect factory wages</td> <td>11 860 (1)</td> </tr> <tr> <td>General factory expenses</td> <td>3 240 }</td> </tr> <tr> <td>Rates</td> <td>4 500 } (1)</td> </tr> <tr> <td>Depreciation – Machinery (35 000 × 20%)</td> <td>7 000 }</td> </tr> <tr> <td>Tools (1 000 – 830)</td> <td><u>170 } (1)</u></td> </tr> <tr> <td></td> <td>26 770</td> </tr> <tr> <td>Less Closing work in progress</td> <td>86 020 (1) <b>OF</b></td> </tr> <tr> <td>Cost of production</td> <td><u>2 820 (1)</u></td> </tr> <tr> <td></td> <td><u>83 200 (1) <b>OF</b></u></td> </tr> </tbody> </table>		\$	Cost of materials used		Purchases of raw materials	30 100 (1)	Less Closing inventory of raw materials	<u>3 150 (1)</u>		26 950	Direct wages (31 500 + 800)	32 300 (1)	Prime cost	<u>59 250 (1)</u>	Factory overheads		Indirect factory wages	11 860 (1)	General factory expenses	3 240 }	Rates	4 500 } (1)	Depreciation – Machinery (35 000 × 20%)	7 000 }	Tools (1 000 – 830)	<u>170 } (1)</u>		26 770	Less Closing work in progress	86 020 (1) <b>OF</b>	Cost of production	<u>2 820 (1)</u>		<u>83 200 (1) <b>OF</b></u>	10
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2(b)	<p>The savings in direct labour costs would amount to \$10767 a year <b>(1)</b>. The cost of production would reduce by \$5767 a year (wages decrease by \$10767 and depreciation increases by \$5000) <b>(1)</b>. Reducing cost of production and maintaining selling price increase profit <b>(1)</b>. The purchase would increase depreciation by \$5000 a year <b>(1)</b> and might also increase the cost of repairs and power. <b>(1)</b> The purchase might incur finance charges if funds are not immediately available. <b>(1)</b></p> <p>However redundancy costs might be incurred. <b>(1)</b></p> <p>Would the reduction in labour enable her to be flexible enough to cope with fluctuations in demand / to cover holidays and sickness <b>(1)</b>? How easy would it be to hire more labour if the need arose <b>(1)</b>?</p> <p>max <b>(2)</b> for advantages, max <b>(2)</b> for disadvantages <b>(1)</b> for decision</p> <p>Accept all valid points</p>	<b>5</b>																					
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2(d)	<p>Increase selling price</p> <p>Increase mark-up</p> <p>Reduce trade discount allowed to customers</p> <p>Reduce cost of manufacturing</p> <p>Purchase cheaper raw materials</p> <p>Buy in bulk to obtain trade discount</p> <p>Reduce factory wages</p> <p>Reduce factory overheads</p> <p><b>Any 1 point (1)</b></p>	<b>1</b>																					

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3(b)	<p>Section of statement of financial position: Current assets <b>(1)</b> Reason: Both the rates and insurance are prepaid at the end of the year <b>(1)</b></p>	2																																																						
3(c)	<p style="text-align: center;">Amla Rent receivable account</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 15%;">Date</th> <th style="width: 15%;">Details</th> <th style="width: 15%;">\$</th> <th style="width: 15%;">Date</th> <th style="width: 15%;">Details</th> <th style="width: 15%;">\$</th> </tr> </thead> <tbody> <tr> <td>2016</td> <td></td> <td></td> <td>2016</td> <td></td> <td></td> </tr> <tr> <td>Dec 31</td> <td>Income statement</td> <td style="text-align: right;">1200 (1)</td> <td>Oct 1</td> <td>Bank</td> <td style="text-align: right;">800 (1)</td> </tr> <tr> <td></td> <td></td> <td style="text-align: right;"><u>1200</u></td> <td>Dec 31</td> <td>Balance c/d</td> <td style="text-align: right;"><u>400</u></td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> <td style="text-align: right;"><u>1200</u></td> </tr> </tbody> </table> <p style="text-align: right;"><b>(1) Dates</b></p>	Date	Details	\$	Date	Details	\$	2016			2016			Dec 31	Income statement	1200 (1)	Oct 1	Bank	800 (1)			<u>1200</u>	Dec 31	Balance c/d	<u>400</u>						<u>1200</u>	4																								
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Question	Answer	Marks																																																		
3(d)	Section of statement of financial position: Current assets (1) Reason: Rent receivable is owed by the tenant (1)	2																																																		
3(e)	Each monthly payment would be smaller making it easier to finance / having less impact on cash flow. (1) Payments would be made automatically avoiding the need for Amla to take action. (1)  It would be more difficult for Amla to get behind with her payments. (1)  Amla would lose control of her payment schedule. (1) Amla would not be able to pick and choose when to make the payment, when funds were sufficient. (1) Amla's bank charges might increase. (1)  max (1) for advantage, max (1) for disadvantage plus (1) for decision. <b>Accept all valid points</b>	3																																																		
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Question	Answer				Marks
4(b)	Error number	Details	Debit \$	Credit \$	6
	2	DDE Limited DEC Limited Correction of error – DDE Limited wrongly credited	150	150	
	4	Motor vehicle repairs Motor vehicles Correction of error – motor vehicles wrongly debited	283	283	
	5	Fixtures OS Supplies Correction of error of reversal	4000	4000	
	<b>Any TWO of the above journal entries (1) debit entry (1) credit entry (1) narrative</b>				
4(c)	Error of commission (1)				1
4(d)	error number	affects the profit for the year	does not affect the profit for the year	6	
	1	✓			
	2		✓ (1)		
	3		✓ (1)		
	4	✓ (1)			
	5		✓ (1)		
	6	✓ (1)			
	7	✓ (1)			

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5(a)	<p style="text-align: center;">K Limited Statement of Changes in Equity for the year ended 30 September 2017</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 20%;">Details</th> <th style="width: 15%;">Share capital \$</th> <th style="width: 15%;">General reserve \$</th> <th style="width: 15%;">Retained earnings \$</th> <th style="width: 15%;">Total \$</th> </tr> </thead> <tbody> <tr> <td>On 1 October 2016</td> <td style="text-align: center;">90000</td> <td style="text-align: center;">4000</td> <td style="text-align: center;">5500</td> <td style="text-align: center;">99500 (1) row</td> </tr> <tr> <td>Profit for the year</td> <td></td> <td></td> <td style="text-align: center;">9000</td> <td style="text-align: center;">9000 (1) row</td> </tr> <tr> <td>Transfer to general reserve</td> <td></td> <td style="text-align: center;">2000</td> <td style="text-align: center;">(2000)</td> <td style="text-align: center;">(1) row</td> </tr> <tr> <td>Interim dividend paid</td> <td></td> <td></td> <td style="text-align: center;">(4500)</td> <td style="text-align: center;">(1) row</td> </tr> <tr> <td>On 30 September 2017</td> <td style="text-align: center;">90000</td> <td style="text-align: center;">6000</td> <td style="text-align: center;">8000</td> <td style="text-align: center;">104000 (1 OF) row</td> </tr> </tbody> </table>	Details	Share capital \$	General reserve \$	Retained earnings \$	Total \$	On 1 October 2016	90000	4000	5500	99500 (1) row	Profit for the year			9000	9000 (1) row	Transfer to general reserve		2000	(2000)	(1) row	Interim dividend paid			(4500)	(1) row	On 30 September 2017	90000	6000	8000	104000 (1 OF) row	<b>5</b>
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5(b)	<p>Current ratio <math>(5\,100 + 8\,500) : (6\,100 + 4\,300 + 1\,400) = 13\,600 : 11\,800</math> (1)  <math>= 1.15 : 1</math> (1)</p> <p>Liquid (acid test) ratio <math>(8\,500 : (6\,100 + 4\,300 + 1\,400)) = 8\,500 : 11\,800</math> (1)  <math>= 0.72 : 1</math> (1)</p> <p>Return on capital employed (ROCE) <math>\frac{9\,000}{(90\,000 + 6\,000 + 8\,000)} \times \frac{100}{1}</math> (1)  OR <math>\frac{9\,000}{(102\,200 + 13\,600 - 11\,800)} \times \frac{100}{1} = 8.65\%</math> (1) OF</p>	<b>6</b>																														

Question	Answer	Marks
5(c)	<p>Cash can be tied up in inventory (1). The bank account is already overdrawn (1). If excess inventory is held there are storage costs (1) and the risk of damage and obsolescence (1). The already low current ratio would fall (1) and there would be no effect on the liquid (acid test) ratio (1). However the fall in inventory might cause a fall in trade payables and the effect on the ratios cannot be quantified (1).</p> <p>Reducing inventory increases the risk of items not being available when necessary (1) and sales could be lost (1). This would decrease the ROCE if profit falls (1). If sales were lost then trade receivables could also fall which would also tend to lower the liquid (acid test) ratio and current ratios (1).</p> <p>max (4) for comments plus (1) for decision</p>	<b>5</b>
5(d)	Unsatisfied (1)	<b>1</b>
5(e)	<p>On average they are taking 22 days more than is allowed to pay credit suppliers, this may be caused by the credit customers taking too long to pay</p> <p>May result in further supplies being refused / damage relationship with suppliers</p> <p>May result in interest being charged on the overdue accounts</p> <p>Will not be able to take advantage of cash discount</p> <p><b>Any 3 comments (1) each</b></p>	<b>3</b>

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