Cambridge Assessment International Education

Cambridge IGCSE™

ACCOUNTING **0452/23**

Paper 2 **May/June 2023**

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 May/June 2023 series for most Cambridge IGCSE, Cambridge International A and AS Level and Cambridge Pre-U components, and some Cambridge O Level components.

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.

Social Science-Specific Marking Principles (for point-based marking)

1 Components using point-based marking:

- Point marking is often used to reward knowledge, understanding and application of skills. We give credit where the candidate's answer shows relevant knowledge, understanding and application of skills in answering the question. We do not give credit where the answer shows confusion.

From this it follows that we:

a DO credit answers which are worded differently from the mark scheme if they clearly convey the same meaning (unless the mark scheme requires a specific term)
b DO credit alternative answers/examples which are not written in the mark scheme if they are correct
c DO credit answers where candidates give more than one correct answer in one prompt/numbered/scaffolded space where extended writing is required rather than list-type answers. For example, questions that require *n* reasons (e.g. State two reasons …).
d DO NOT credit answers simply for using a 'key term' unless that is all that is required. (Check for evidence it is understood and not used wrongly.)
e DO NOT credit answers which are obviously self-contradicting or trying to cover all possibilities
f DO NOT give further credit for what is effectively repetition of a correct point already credited unless the language itself is being tested. This applies equally to 'mirror statements' (i.e. polluted/not polluted).
g DO NOT require spellings to be correct, unless this is part of the test. However spellings of syllabus terms must allow for clear and unambiguous separation from other syllabus terms with which they may be confused (e.g. Corrasion/Corrosion)

2 Presentation of mark scheme:

- Slashes (/) or the word 'or' separate alternative ways of making the same point.
- Semi colons (;) bullet points (•) or figures in brackets (1) separate different points.
- Content in the answer column in brackets is for examiner information/context to clarify the marking but is not required to earn the mark (except Accounting syllabuses where they indicate negative numbers).

3 Calculation questions:

- The mark scheme will show the steps in the most likely correct method(s), the mark for each step, the correct answer(s) and the mark for each answer
- If working/explanation is considered essential for full credit, this will be indicated in the question paper and in the mark scheme. In all other instances, the correct answer to a calculation should be given full credit, even if no supporting working is shown.
- Where the candidate uses a valid method which is not covered by the mark scheme, award equivalent marks for reaching equivalent stages.
- Where an answer makes use of a candidate's own incorrect figure from previous working, the 'own figure rule' applies: full marks will be given if a correct and complete method is used. Further guidance will be included in the mark scheme where necessary and any exceptions to this general principle will be noted.

4 Annotation:

- For point marking, ticks can be used to indicate correct answers and crosses can be used to indicate wrong answers. There is no direct relationship between ticks and marks. Ticks have no defined meaning for levels of response marking.
- For levels of response marking, the level awarded should be annotated on the script.
- Other annotations will be used by examiners as agreed during standardisation, and the meaning will be understood by all examiners who marked that paper.

Question	Answer	Marks
1(a)	Omer Cash Book	**11**

Date	Details		Disc.	Cash	Bank	Date	Details		Disc.	Cash	Bank
2023			$	$	$	2023			$	$	$
Apr 1	*Balance b/d*			*120*		*Apr 1*	*Balance b/d*				*477*
3	Capital	**(1)**			1 000	7	Alexander	**(1)**			360
10	Sales	**(1)**			695	15	Motor expenses	**(1)**		68	
23	Esme	**(1)**	16		384	16	Rent payable	**(1)**			400
						27	Alexander	**(1)**	17		323
						30	Balance c/d			52	519
			16*	120	2079				17 **(1)***	120	2079
May 1	Balance b/d			52 **(1)OF**	519 **(1)OF**						

***both discount totals**
+(1) dates

Question	Answer	Marks
1(b)	Omer Alexander account <table><tr><td>Date</td><td>Details</td><td></td><td>$</td><td>Date</td><td>Details</td><td></td><td>$</td></tr><tr><td>2023</td><td></td><td></td><td></td><td>2023</td><td></td><td></td><td></td></tr><tr><td>Apr 7</td><td>Bank</td><td>**(1)**</td><td>360</td><td>*Apr 1*</td><td>*Balance b/d*</td><td></td><td>*360*</td></tr><tr><td>27</td><td>Bank }</td><td></td><td>323</td><td>12</td><td>Purchases }</td><td></td><td>340</td></tr><tr><td></td><td>Discount received }</td><td>**(1)**</td><td>17</td><td>28</td><td>Purchases }</td><td>**(1)**</td><td>235</td></tr><tr><td>30</td><td>Balance c/d</td><td></td><td>235</td><td></td><td></td><td></td><td></td></tr><tr><td></td><td></td><td></td><td>935</td><td></td><td></td><td></td><td>935</td></tr><tr><td></td><td></td><td></td><td></td><td>May 1</td><td>Balance b/d</td><td>**(1)OF**</td><td>235</td></tr></table>	**4**
1(c)	**<u>Option 1 – buy from Alexander only</u>** **Advantages** A offers cash discount but T does not **(1)** A offers 5% cash discount **(1)** A's cash discount is a higher % than T's trade discount **(1)** Maintain good relationship with A **(1)** Familiar with A's quality/reliability **(1)** **(Max 3)** **Disadvantages** T offers trade discount but A does not **(1)** May lose cash discount by not paying on time **(1)** Depending on one supplier only **(1)** A has no incentive to offer more competitive terms **(1)** **(Max 1)** **Accept other valid points**	**5**

Question	Answer	Marks
	<u>**Option 2 – buy from both Alexander and Tahir**</u> **Advantages** T offers trade discount but A does not **(1)** Trade discount is deducted from invoice and does not depend on when payment is made **(1)** Cost of buying goods from T is reduced **(1)** Not dependent on one supplier **(1)** A may offer more competitive terms to compete with other supplier **(1)** **(Max 3)** **Disadvantages** A offers cash discount but T does not**(1)** T's trade discount is a lower % than A's cash discount **(1)** May damage relationship with A **(1)** Not familiar with T's quality/reliability **(1)** **(Max 1)** **Accept other valid points** **Recommendation (1)**	

Question	Answer	Marks
2(a)	Ramla Journal	**10**

Item number	Details	Debit $	Credit $
1	Irrecoverable debts Mai	99 **(1)**	 99 **(1)**
2	Fixtures and fittings Padma	875 **(1)**	 875 **(1)**
3	Loan Loan interest	500 **(1)**	 500 **(1)**
4	Bank / cash Rent	180 **(1)**	 180 **(1)**
5	Drawings Wages	120 **(1)**	 120 **(1)**

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(b)</td><td>
<table>
<tr><th>Item</th><th>Increase in profit $</th><th>Decrease in profit $</th><th>No effect on profit</th><th>Profit $</th></tr>
<tr><td>Draft profit</td><td></td><td></td><td></td><td>11 650</td></tr>
<tr><td>1</td><td></td><td>99 (1)</td><td></td><td></td></tr>
<tr><td>2</td><td></td><td></td><td>0 (1)</td><td></td></tr>
<tr><td>3</td><td>500 (1)</td><td></td><td></td><td></td></tr>
<tr><td>4</td><td>180 (1)</td><td></td><td></td><td></td></tr>
<tr><td>5</td><td>120 (1)</td><td></td><td></td><td></td></tr>
<tr><td>Adjusted profit</td><td>800</td><td>99</td><td>0</td><td>12 351 (1)OF</td></tr>
</table>
</td><td>6</td></tr>
<tr><td>2(c)(i)</td><td>The prudence principle states that profits and assets are not overstated / losses and liabilities are not understated (1)
Irrecoverable debts should be written off to ensure that profits / assets are not overstated / not understate loss (1)</td><td>2</td></tr>
<tr><td>2(c)(ii)</td><td>The business entity principle states that the business is regarded as being completely separate from the owner of the business (1)
OR
The business entity principle states that transactions should be recorded from the point of view of the business (1)

Drawings should be recorded correctly to ensure that profits are not understated / capital overstated (1)</td><td>2</td></tr>
</table>

Question	Answer	Marks
3(a)	Favourite Book Club Subscriptions account	**7**

Date	Details		$	Date	Details		$
2022				2022			
Jan 1	Balance b/d		*468	Jan 1	Balance b/d	**(1)**	* 260
Dec 31	Income & Expenditure	**(1) OF**	6240	Dec 31	Bank	**(1)**	5356
					Income and expenditure subscriptions written off	**(1)**	208
	Balance c/d		156		Balance c/d		1040
			6864				6864
2023				2023			
Jan 1	Balance b/d	**(1)**	1040	Jan 1	Balance b/d	**(1)**	156

*** both balances b/d**
+(1) Correct dates including years

Question	Answer	Marks
3(b)	Favourite Book Club Income and Expenditure Account for the year ended 31 December 2022 Subscriptions: \$6 240 **(1)OF** Less expenses Rent: \$2 080 } General expenses: \$2 498 } **(1)** Insurance (732 + 348**(1)** – 366**(1)**): \$714 Subscriptions written off: \$208 **(1)** ; total \$5 500 Surplus for the year: \$740 **(1)OF**	**6**
3(c)	**For – increasing subscriptions** Subscriptions have remained unchanged for many years so increase should be expected **(1)** Only requires a small increase to raise \$400 **(1)** There would be no need to obtain outside funds / loan / loan interest **(1)** May result in the club being run more efficiently **(1)** **Max (3)** **Accept other valid points** **Against – increasing subscriptions** Increase in subscriptions may not be popular **(1)** May result in members leaving the club / join another club **(1)** Membership is already falling **(1)** May result in more subscriptions being written off **(1)** Subscriptions in arrears have increased from 2021 to 2022 **(1)** Could try to raise the money another way, e.g. reduce general expenses / obtain loan / fund-raising **(1)** **Max (3)** **Accept other valid points** **Recommendation (1)**	**5**
3(d)(i)	A summary of the cash book of a club or society usually prepared annually **(1)**	**1**

Question	Answer	Marks
3(d)(ii)	Assets less liabilities of a club/society **(1)** **OR** accumulated surpluses less accumulated deficits of a club/society **(1)**	**1**

Question	Answer	Marks
4(a)	Akila and Darius Appropriation Account for the year ended 30 April 2023	**6**

			$		$	
Profit for the year					42 304	
Add interest on drawings	Akila		970	**}**		
	Darius		816	**} (1)**	1 786	
					44 090	
Less						
Interest on capital	Akila		2 700	**}**		
	Darius		1 950	**} (1)**		
			4 650			
Salary - Akila			9 500	**(1)**		
					14 150	
					29 940	**(1)**
Profit share	Akila	(60% × 29 940)	17 964	**(1) OF**		
	Darius	(40% × 29 940)	11 976	**(1) OF**	29 940	

Question	Answer	Marks
4(b)(i)	Akila Current account <table><tr><td>Date</td><td>Details</td><td></td><td>$</td><td>Date</td><td>Details</td><td></td><td>$</td></tr><tr><td>2022</td><td></td><td></td><td></td><td>2023</td><td></td><td></td><td></td></tr><tr><td>May 1</td><td>Balance b/d</td><td>**(1)**</td><td>2 600</td><td>Apr 30</td><td>Interest on capital</td><td>**}OF**</td><td>2 700</td></tr><tr><td>2023</td><td></td><td></td><td></td><td></td><td>Salary</td><td>**}(1)**</td><td>9 500</td></tr><tr><td>Apr 30</td><td>Drawings</td><td>**}**</td><td>19 400</td><td></td><td>Profit share</td><td>**(1)OF**</td><td>17 964</td></tr><tr><td></td><td>Interest on drawings</td><td>**}(1)OF**</td><td>970</td><td></td><td></td><td></td><td></td></tr><tr><td></td><td>Balance c/d</td><td>**(1)OF**</td><td>7 194</td><td></td><td></td><td></td><td></td></tr><tr><td></td><td></td><td></td><td>30 164</td><td>2023</td><td></td><td></td><td>30 164</td></tr><tr><td></td><td></td><td></td><td></td><td>May 1</td><td>Balance b/d</td><td></td><td>7 194</td></tr></table>	**5**
4(b)(ii)	7194**OF** + 1000 (interest on loan) **(1)** – 600 (reduction in profit share) **(1)** = 7594**OF**	**2**
4(c)	Amount of capital to be invested by each partner **(1)** Any limit on drawings **(1)** Interest on partners' loans **(1)** **Accept other valid points** **Max (2)**	**2**

Question	Answer	Marks
4(d)	**Advantages – forming a limited company** May be easier to raise funds **(1)** Company is a separate legal identity **(1)** Shareholders have limited liability **(1)** Continuity of existence **(1)** May improve reputation / standing of the business **(1)** **Accept other valid points** **Max (2)** **Disadvantages – forming a limited copy** Maybe increase administration costs **(1)** Maybe costly to establish **(1)** More legal requirements **(1)** More complex accounting required / have to produce annual financial statements **(1)** More information about the business may be made public **(1)** **Accept other valid points** **Max (2)** **Recommendation (1)**	**5**

Question	Answer					Marks
5(a)	Amadi Corrected Trial balance at 31 March 2023					6
		$		$		
	Fittings and equipment at cost	30 000			}	
	Provision for depreciation of fittings and equipment			7 500	}**(1)**	
	Trade receivables	6 100				
	Bank overdraft			3 106	**(1)**	
	Trade payables			3 485		
	Capital			20 000		
	Sales			73 250		
	Purchases	41 785			}	
	Discount received			1 990	}**(1)**	
	Returns inwards	3 390				
	Carriage inwards	1 223				
	General expenses	6 430				
	Rent and rates	7 380				
	Drawings	9 500				
	Inventory	3 752	**(1)**			
	Suspense			229	**(1)OF**	
		109 560		109 560	**(1)both**	

Question	Answer	Marks
5(b)	Amadi Suspense account	**5**

Date	Details		$	Date	Details		$
2023				2023			
Mar 31	Rent and rates	**(1)**	99	Mar 31	Trial balance difference	**(1)OF**	229
	Drawings	**(1)**	165		General expenses	**(1)**	200
	Discount received	**(1)**	165				
			429				429

Question	Answer	Marks
5(c)	Amadi Income statement (trading section) for the year ended 31 March 2023	**4**

	$	$	
Revenue		73 250	
Less returns inwards	3 390		
		69 860	**(1)**
Less Cost of sales			
Opening inventory	3 752		
Purchases	41 785		
Carriage inwards	1 223		
	46 760 **(1)**		
Less Closing inventory	(3 965)	42 795	**(1)OF**
Gross profit		27 065	**(1)OF**

Question	Answer	Marks
5(d)		**2**

Gross profit margin	
workings	answer
$\frac{27\,065 \textbf{ OF}}{69\,860 \textbf{ OF}} \times 100$ **(1) OF whole formula**	38.74% **(1)OF**

Question	Answer	Marks
5(e)	Businesses in the same trade would be expected to have similar gross profit margins **(1)** **Max (1)** The profit margins will vary because – Hector owns his own premises - he will not pay rent **/** may have repair / maintenance costs **(1)** **Or** Amadi has to pay rent **(1)** **Max (1)** **Accept other valid points** **Conclusion (1)**	**3**