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**ACCOUNTING**

**0452/22**

Paper 2

**October/November 2017**

MARK SCHEME

Maximum Mark: 120

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**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 2017 series for most Cambridge IGCSE<sup>®</sup>, Cambridge International A and AS Level components and some Cambridge O Level components.

Question	Answer						Marks																																																																												
1(a)(i)	Saffie Petty Cash Book						<b>9</b>																																																																												
	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">Total received</th> <th style="text-align: center;">Date</th> <th style="text-align: center;">Details</th> <th style="text-align: center;">Total paid</th> <th style="text-align: center;">Travel</th> <th style="text-align: center;">Postage &amp; stationery</th> <th style="text-align: center;">Ledger accounts</th> </tr> <tr> <th style="text-align: center;">\$</th> <th style="text-align: center;">2017</th> <th></th> <th style="text-align: center;">\$</th> <th style="text-align: center;">\$</th> <th style="text-align: center;">\$</th> <th style="text-align: center;">\$</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">63</td> <td style="text-align: center;">Sept 1</td> <td>Balance <i>b/d</i></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td style="text-align: center;">87</td> <td style="text-align: center;">3</td> <td>Bank (1)</td> <td style="text-align: center;">12</td> <td style="text-align: center;">12</td> <td></td> <td></td> </tr> <tr> <td></td> <td style="text-align: center;">11</td> <td>Taxi fare (1)</td> <td style="text-align: center;">64</td> <td></td> <td style="text-align: center;">64</td> <td></td> </tr> <tr> <td></td> <td style="text-align: center;">21</td> <td>Stationery (1)</td> <td style="text-align: center;">29</td> <td></td> <td></td> <td style="text-align: center;">29</td> </tr> <tr> <td></td> <td style="text-align: center;">30</td> <td>Faariqa (1)</td> <td style="text-align: center;">22</td> <td></td> <td style="text-align: center;">22</td> <td></td> </tr> <tr> <td></td> <td></td> <td>Postage (1)</td> <td style="text-align: center;">127</td> <td style="text-align: center;">12</td> <td style="text-align: center;">86</td> <td style="text-align: center;">29</td> </tr> <tr> <td></td> <td></td> <td>Balance <i>c/d</i></td> <td style="text-align: center;">23</td> <td></td> <td></td> <td></td> </tr> <tr> <td style="text-align: center;">150</td> <td></td> <td></td> <td style="text-align: center;">150</td> <td></td> <td></td> <td></td> </tr> <tr> <td style="text-align: center;">23</td> <td style="text-align: center;">2017 Oct 1</td> <td>Balance <i>b/d</i> (1)OF</td> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table>	Total received	Date	Details	Total paid	Travel		Postage & stationery	Ledger accounts	\$	2017		\$	\$	\$	\$	63	Sept 1	Balance <i>b/d</i>					87	3	Bank (1)	12	12				11	Taxi fare (1)	64		64			21	Stationery (1)	29			29		30	Faariqa (1)	22		22				Postage (1)	127	12	86	29			Balance <i>c/d</i>	23				150			150				23	2017 Oct 1	Balance <i>b/d</i> (1)OF								
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1(a)(ii)	Saffie Cash Book										<b>10</b>
	Date	Details	Discount allowed	Cash	Bank	Date	Details	Discount received	Cash	Bank	
	2017 Sept 1	<i>Balance b/d</i>	\$	\$ 120	\$	2017 Sept 1	<i>Balance b/d</i>	\$	\$	\$ 3 841	
	26	Thushari	(1) 8		392		Petty cash			87	
	28	Sales	(1) 40	4 800		7	Repairs	(1)		461	
						15	SL Stores (dis. chq.)	(1)		210	
						29	Sopitha	(1) 12		468	
						30	Balances c/d		160	125	
			8	40	5192			12	160	5 192	
	2017 Oct 1	Balances b/d		160 (1)OF	125 (1)OF						
	+ (1)OF totalling discount columns + (1) dates										

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2(c)	Loan interest to pay every year. Loan interest to pay irrespective of profits. Loan to be repaid by given date.  <b>Or other suitable point</b> <b>Any 1 point (1)</b>	<b>1</b>
2(d)	Introduce additional capital Take a partner Convert to a limited company Mortgage the premises Borrow from family and friends See if government grants are available  <b>Or other suitable point</b> <b>Any 2 points (1) each</b>	<b>2</b>

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3(b)	<p style="text-align: center;">Zikri Rent account</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 30%;"></td> <td style="width: 10%; text-align: center;">\$</td> <td style="width: 50%;"></td> <td style="width: 10%; text-align: center;">\$</td> <td style="width: 10%;"></td> </tr> <tr> <td>2017</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Jan 1</td> <td></td> <td>4 800</td> <td></td> <td>4 800</td> </tr> <tr> <td></td> <td></td> <td>}</td> <td></td> <td>}</td> </tr> <tr> <td>July 1</td> <td></td> <td>4 800</td> <td></td> <td>4 800</td> </tr> <tr> <td></td> <td></td> <td>}(1)</td> <td></td> <td>}(1)</td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td>2017</td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td>Aug 31</td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td>Income statement</td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td>6 400</td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td>}(1)OF</td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td>Balance</td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td>c/d</td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td>3 200</td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td><u>9 600</u></td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td>9 600</td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td>2017</td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td>Sept 1</td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td>Balance</td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td>b/d</td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td>3 200</td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td>(1)</td> </tr> </table> <p><b>+ (1) Dates</b></p>		\$		\$		2017					Jan 1		4 800		4 800			}		}	July 1		4 800		4 800			}(1)		}(1)					2017					Aug 31					Income statement					6 400					}(1)OF					Balance					c/d					3 200					<u>9 600</u>					9 600										2017					Sept 1					Balance					b/d					3 200					(1)	<b>4</b>																									
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3(c)	Balance b/d 1 September 2016: Value of stationery/inventory of stationery at that date. <b>(1)</b> Credit stationery account for previous financial year. <b>(1)</b>  XY Limited 8 February 2017: Value of stationery purchased on credit from XY Limited. <b>(1)</b> Credit XY Limited account. <b>(1)</b>  Drawings 31 July 2017: Value of stationery taken by owner for personal use. <b>(1)</b> Debit drawings account. <b>(1)</b>	<b>6</b>																					
3(d)	\$205	<b>1</b>																					
3(e)	Current assets	<b>1</b>																					
3(f)	<table border="1"> <thead> <tr> <th data-bbox="353 751 1088 831"></th> <th data-bbox="1088 751 1503 831">Effect on gross profit</th> <th data-bbox="1503 751 1917 831">Effect on profit for the year</th> </tr> </thead> <tbody> <tr> <td data-bbox="353 831 1088 906">General expenses omitted from income statement</td> <td data-bbox="1088 831 1503 906"><i>No effect</i></td> <td data-bbox="1503 831 1917 906"><i>Overstated</i></td> </tr> <tr> <td data-bbox="353 906 1088 981">Opening inventory over-valued</td> <td data-bbox="1088 906 1503 981">Understated <b>(1)</b></td> <td data-bbox="1503 906 1917 981">Understated <b>(1)</b></td> </tr> <tr> <td data-bbox="353 981 1088 1056">Wages account over-added</td> <td data-bbox="1088 981 1503 1056">No Effect <b>(1)</b></td> <td data-bbox="1503 981 1917 1056">Understated <b>(1)</b></td> </tr> <tr> <td data-bbox="353 1056 1088 1131">Sales returns omitted from income statement</td> <td data-bbox="1088 1056 1503 1131">Overstated <b>(1)</b></td> <td data-bbox="1503 1056 1917 1131">Overstated <b>(1)</b></td> </tr> <tr> <td data-bbox="353 1131 1088 1206">Carriage inwards included in the expenses in the income statement</td> <td data-bbox="1088 1131 1503 1206">Overstated <b>(1)</b></td> <td data-bbox="1503 1131 1917 1206">No Effect <b>(1)</b></td> </tr> <tr> <td data-bbox="353 1206 1088 1281">Purchases returns added to the purchases</td> <td data-bbox="1088 1206 1503 1281">Understated <b>(1)</b></td> <td data-bbox="1503 1206 1917 1281">Understated <b>(1)</b></td> </tr> </tbody> </table>		Effect on gross profit	Effect on profit for the year	General expenses omitted from income statement	<i>No effect</i>	<i>Overstated</i>	Opening inventory over-valued	Understated <b>(1)</b>	Understated <b>(1)</b>	Wages account over-added	No Effect <b>(1)</b>	Understated <b>(1)</b>	Sales returns omitted from income statement	Overstated <b>(1)</b>	Overstated <b>(1)</b>	Carriage inwards included in the expenses in the income statement	Overstated <b>(1)</b>	No Effect <b>(1)</b>	Purchases returns added to the purchases	Understated <b>(1)</b>	Understated <b>(1)</b>	<b>10</b>
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Question	Answer	Marks
4(c)	<p>The business is treated as being separate from the owner. <b>(1)</b></p> <p><b>Example</b> Rates and insurance for personal use were excluded. (1)</p>	<b>2</b>
4(d)	<p>Should compare with a business in the same trade. Should compare with a business of approximately the same size. Should compare with a business of the same type (sole trader). The financial statements may be for one year, which will not show trends. The financial statements may be for one year which is not a typical year. The financial year may end on different dates (when inventories are high/low). The businesses may apply different accounting policies. The statements do not show non-monetary factors. It may not be possible to obtain all the information needed to make comparisons.</p> <p><b>Or other suitable points</b></p> <p><b>Any 2 points (1) for basic statement and (1) for development</b></p>	<b>4</b>

Question	Answer	Marks																																
5(a)	<p style="text-align: center;">Ben Journal</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th></th> <th style="text-align: center;">Debit \$</th> <th style="text-align: center;">Credit \$</th> <th></th> </tr> </thead> <tbody> <tr> <td>Inventory</td> <td style="text-align: right;">15 200</td> <td></td> <td style="text-align: right;">}(1)</td> </tr> <tr> <td>Shop fittings</td> <td style="text-align: right;">14 300</td> <td></td> <td style="text-align: right;">}</td> </tr> <tr> <td>Cash</td> <td style="text-align: right;">500</td> <td></td> <td style="text-align: right;">(1)</td> </tr> <tr> <td>Bank</td> <td style="text-align: right;">32 400</td> <td></td> <td style="text-align: right;">(1)</td> </tr> <tr> <td>    Loan</td> <td></td> <td style="text-align: right;">15 000</td> <td style="text-align: right;">(1)</td> </tr> <tr> <td>    Capital</td> <td></td> <td style="text-align: right;"><u>47 400</u></td> <td style="text-align: right;">(1)</td> </tr> <tr> <td></td> <td style="text-align: right;"><u>62 400</u></td> <td style="text-align: right;"><u>62 400</u></td> <td></td> </tr> </tbody> </table>		Debit \$	Credit \$		Inventory	15 200		}(1)	Shop fittings	14 300		}	Cash	500		(1)	Bank	32 400		(1)	Loan		15 000	(1)	Capital		<u>47 400</u>	(1)		<u>62 400</u>	<u>62 400</u>		<b>5</b>
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5(c)	<p>Capital expenditure: Money spent on acquiring, improving and installing non-current assets. <b>(1)</b> Any suitable example, such as purchase of premises. <b>(1)</b></p> <p>Revenue expenditure: Money spent on running the business on a day-to-day basis. <b>(1)</b> Any suitable example, such as payment of wages. <b>(1)</b></p> <p>Revenue receipts: Amounts received in the day-to-day trading activities from revenue and other items of income. <b>(1)</b> Any suitable example, such as rent received. <b>(1)</b></p>	<b>6</b>																																

Question	Answer						Marks	
5(d)	Effect on assets		Effect on liabilities		Effect on profit		<b>8</b>	
	Overstated	Understated	Overstated	Understated	Overstated	Understated		
	\$	\$	\$	\$	\$	\$		
	Error 1	550	–	–	–	450		–
	Error 2	–	–	–	375 (2)	375 (2)		–
	Error 3	150 (2)				150 (2)		
	<b>For each entry – (1) for position and (1) for amount</b>							