Cambridge Assessment International Education
Cambridge International General Certificate of Secondary Education

ACCOUNTING **0452/12**

Paper 1 **March 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 March 2019 series for most Cambridge IGCSE™, Cambridge International A and AS Level components and some Cambridge O Level components.

PUBLISHED

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)	C	**1**
1(b)	D	**1**
1(c)	C	**1**
1(d)	C	**1**
1(e)	A	**1**
1(f)	A	**1**
1(g)	B	**1**
1(h)	B	**1**
1(i)	D	**1**
1(j)	D	**1**

Question	Answer	Marks
	Glossary (b) A 52 400 – (1950 + 50) B 52 400 – 1950 C 52 400 – 50 D 52 400 + 50 (d) A (14 220 + 80 + 1500) – (2250 + 2150) B (2250 +14 220 + 80) – (2150 +1500) C (14 220 + 80 + 2150 + 1500) – 2250 D (14 220 +80 +2150 +2250) – 1500 (f) A GP = 25/125 × 60 = 12 C of S = 48 Opening inventory + Purchases = 50 Closing inventory = 2 B GP = 25% × 60 = 15 C of S = 45 Opening inventory + Purchases = 50 Closing inventory = 5 C 25/125 × 60 = 12 D 25% × 60 = 15 (h) Profit = 32 – 17 = 15 A 15/(48 + 32 + 17) × 100 = 15.46% B 15/(48 + 32) × 100 = 18.75% C 15/(32 + 17) × 100 = 30.61% D 17/48 × 100 = 35.42 %	

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(a)</td><td>Work can be shared amongst several people
Easier for reference as the same type of accounts are kept together
Easier to introduce checking procedures
May reduce fraud
Accept other valid points.

Any 1 advantage (1)</td><td>1</td></tr>
<tr><td>2(b)</td><td>Any asset, liability, revenue or expense account (i.e. any account apart from trade payables and trade receivables)
Any 2 accounts (1) each</td><td>2</td></tr>
<tr><td>2(c)</td><td>
<table>
<tr><th></th><th>debit</th><th>credit</th><th>no entry</th></tr>
<tr><td>opening balance owed to credit suppliers</td><td></td><td>✓(1)</td><td></td></tr>
<tr><td>credit purchases</td><td></td><td>✓(1)</td><td></td></tr>
<tr><td>cash purchases</td><td></td><td></td><td>✓(1)</td></tr>
<tr><td>cash refund received from credit supplier</td><td></td><td>✓(1)</td><td></td></tr>
<tr><td>cash discount received from credit suppliers</td><td>✓(1)</td><td></td><td></td></tr>
<tr><td>trade discount received from credit suppliers</td><td></td><td></td><td>✓(1)</td></tr>
<tr><td>interest charged on overdue account</td><td></td><td>✓(1)</td><td></td></tr>
<tr><td>contra entry to sales ledger control account</td><td>✓(1)</td><td></td><td></td></tr>
</table>
</td><td>8</td></tr>
</table>

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(d)</td><td>Gurdeep
Journal
<table><tr><th></th><th>Debit
$</th><th>Credit
$</th></tr><tr><td>Bad debts (1)

Sasha (1)

Debt owed by Sasha written off as irrecoverable (1)</td><td>54</td><td>

54</td></tr></table></td><td>3</td></tr>
<tr><td>2(e)</td><td>Money received from a credit customer in payment/part payment of a debt after it has been written off as a bad debt. (1)</td><td>1</td></tr>
<tr><td>2(f)</td><td>Prudence
Accruals (matching)
Consistency
Any 2 principles (1) each</td><td>2</td></tr>
<tr><td>2(g)</td><td>Assessment of liquidity position/check whether he can meet his debts on time
Identify how long it takes him to pay credit suppliers
Identify future prospects of the business
Establish a credit limit
Accept other valid reasons.
Any 2 reasons (1) each</td><td>2</td></tr>
</table>

Question	Answer	Marks
2(h)	Bank manager Lender Manager Employee Government Competitor Take-over bidder Potential partner Investor Customer Owner **Or other suitable interested parties but NOT suppliers (which are in (g))** **Any 2 parties (1) each**	**2**

Question	Answer	Marks
3(a)	Allows chief cashier to control/limit/keep track of petty cash expenditure The cash remaining and the vouchers received should equal the imprest amount Can help to reduce/prevent fraud **Accept other suitable advantage** **Any 2 advantages (1) each**	**2**

Question	Answer	Marks

3(b) — **11**

Sarah
Petty Cash Book

Total received $	Date	Details		Total paid $	Office expenses $	Travel $	Cleaning $	Ledger accounts $
	2019							
38	Jan 1	Balance	b/d **(1)**					
212		Bank	**(1)**					
10	6	Cleaner repayment	**(1)**					
	8	Eva	**(1)**	62				62
	13	Refreshments	**(1)**	9	9			
	18	Olivia	**(1)**	43				43
	21	Taxi fare	**(1)**	14		14		
	24	Flowers		10	10			
	31	Cleaner	**(1)**	80			80	
				218	19	14	80	105
		Balance	c/d	42				
260				260				
	2019							
42	Feb 1	Balance	b/d **(1)OF**					

+ (1) dates
+ (1) OF totalling analysis columns

3(c) — **2**

Sarah
Cleaning account

Date (2019)	Details	$	Date (2019)	Details	$
Jan 31	Petty cash **(1)**	80	Jan 31	Petty cash **(1)**	10

3(d) — **2**

Debit Eva's account with $62 **(1)**
Debit Olivia's account with $43 **(1)**

Question	Answer	Marks
3(e)(i)	250 – 42 **OF** = 208 **(1)OF**	**1**
3(e)(ii)		**2**

debit		credit	
petty cash	**(1)**	bank	**(1)**

Question	Answer	Marks
4(a)		**5**

	$	
Subscriptions received	5 940	**(1)**
Add Opening prepayment	275	**(1)**
	6 215	
Less Opening accrual	550	**(1)**
	5 665	
Less Closing prepayment	165	**(1)**
Subscriptions for the year	5 500	**(1)OF**

Alternative presentation

Subscriptions account

Date	Details		$	Date	Details		$
2018				2018			
Mar 1	Balance b/d	**(1)**	550	Mar 1	Balance b/d	**(1)**	275
2019				2019			
Feb 28	Income and Expenditure	**(1)OF**	5 500	Feb 28	Bank	**(1)**	5 940
	Balance c/d	**(1)**	165				
	No aliens for o/f		6 215				6 215

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>4(b)</td><td>W Athletics Club
Income and Expenditure Account for the year ended 28 February 2019

<table>
<tr><td></td><td>$</td><td>$</td><td></td></tr>
<tr><td>Income</td><td></td><td></td><td></td></tr>
<tr><td>Subscriptions</td><td></td><td>5 500</td><td>(1)OF</td></tr>
<tr><td>Expenditure</td><td></td><td></td><td></td></tr>
<tr><td>(Loan) interest</td><td>100</td><td></td><td>(1)</td></tr>
<tr><td>General expenses (890 (1) + 30 (1))</td><td>920</td><td></td><td></td></tr>
<tr><td>Rent and insurance (4280 (1) – 240 (1))</td><td>4 040</td><td></td><td></td></tr>
<tr><td>(Net cost of) competitions</td><td>310</td><td></td><td>(1)</td></tr>
<tr><td>Depreciation of (equipment) (4500 + 1650 – 5900)</td><td>250</td><td></td><td>(1)</td></tr>
<tr><td></td><td></td><td>5 620</td><td></td></tr>
<tr><td></td><td></td><td>120</td><td>(1)OF</td></tr>
<tr><td>Deficit</td><td></td><td></td><td></td></tr>
</table></td><td>9</td></tr>
<tr><td>4(c)(i)</td><td>Bank balance (opening or closing)
Repayment of loan
Purchase of equipment
Insurance prepaid
Subscriptions prepaid (at 28 February 2019)
Any 2 items (1) each</td><td>2</td></tr>
<tr><td>4(c)(ii)</td><td>Deficit
Depreciation of equipment
Accrued general expenses (at 28 February 2019)
Any 2 items (1) each</td><td>2</td></tr>
<tr><td>4(d)</td><td>$165 (1)
Liability (1)</td><td>2</td></tr>
<tr><td>4(e)</td><td>$6880 – $120 OF = $6760 (1)OF</td><td>1</td></tr>
</table>

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>5(a)(i)</td><td>The cost of the essentials necessary for production
OR The total of direct materials, direct labour and direct expenses</td><td>1</td></tr>
<tr><td>5(a)(ii)</td><td>The total cost of manufacturing the finished products
OR The prime cost plus factory overheads</td><td>1</td></tr>
<tr><td>5(a)(iii)</td><td>The goods which are partially completed</td><td>1</td></tr>
<tr><td>5(b)</td><td>Hari
Manufacturing Account for the year ended 31 December 2018

<table>
<tr><td></td><td>$</td><td></td><td>$</td><td></td></tr>
<tr><td>Cost of materials consumed</td><td></td><td></td><td></td><td></td></tr>
<tr><td>Opening inventory of raw materials</td><td></td><td></td><td>13 500</td><td>(1)* both inventories</td></tr>
<tr><td>Purchases of raw materials</td><td>142 500</td><td></td><td></td><td></td></tr>
<tr><td>Carriage on raw materials</td><td>1 680</td><td></td><td>144 180</td><td>(1)</td></tr>
<tr><td></td><td></td><td></td><td>157 680</td><td></td></tr>
<tr><td>Closing inventory of raw materials</td><td></td><td></td><td>14 200</td><td>*</td></tr>
<tr><td></td><td></td><td></td><td>143 480</td><td></td></tr>
<tr><td>Direct factory wages</td><td></td><td></td><td>86 250</td><td>(1)</td></tr>
<tr><td>Prime cost</td><td></td><td></td><td>229 730</td><td>(1)OF</td></tr>
<tr><td>Factory overheads</td><td></td><td></td><td></td><td></td></tr>
<tr><td>Indirect factory wages</td><td>42 570</td><td>(1)</td><td></td><td></td></tr>
<tr><td>Factory rent, rates and insurance
(14 000 (1) + 1500 (1) – 690 (1))</td><td>14 810</td><td></td><td></td><td></td></tr>
<tr><td>Depreciation – Factory machinery
(20% × (95 000 – 34 200))</td><td>12 160</td><td>(1)</td><td></td><td></td></tr>
<tr><td>Loose tools (7140 – 6310)</td><td>830</td><td>(1)</td><td>70 370</td><td></td></tr>
<tr><td></td><td></td><td></td><td>300 100</td><td>(1)OF</td></tr>
<tr><td>Opening work in progress</td><td></td><td></td><td>15 100</td><td>(1)* both inventories</td></tr>
<tr><td></td><td></td><td></td><td>315 200</td><td></td></tr>
<tr><td>Closing work in progress</td><td></td><td></td><td>14 200</td><td>*</td></tr>
<tr><td>Cost of production</td><td></td><td></td><td>301 000</td><td>(1)OF</td></tr>
</table>
</td><td>13</td></tr>
</table>

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>5(c)</td><td>$\frac{302\,800}{(24\,000 + 22\,200)/2}$ whole formula (1) = 13.1 times(1)</td><td>2</td></tr>
<tr><td>5(d)(i)</td><td>Cost Net realisable value</td><td>1</td></tr>
<tr><td>5(d)(ii)</td><td>Prudence
OR Accruals (matching)</td><td>1</td></tr>
<tr><td>5(e)</td><td>
<table>
<tr><td></td><td>overstated</td><td>understated</td></tr>
<tr><td>Cost of materials consumed for the year ended 31 December 2018</td><td></td><td>✓</td></tr>
<tr><td>Cost of production for the year ended 31 December 2018</td><td></td><td>✓ (1)</td></tr>
<tr><td>Gross profit for the year ended 31 December 2018</td><td>✓ (1)</td><td></td></tr>
<tr><td>Current assets at 31 December 2018</td><td>✓ (1)</td><td></td></tr>
<tr><td>Profit for the year ending 31 December 2019</td><td></td><td>✓ (1)</td></tr>
</table>
</td><td>4</td></tr>
<tr><td>5(f)</td><td>Increase selling price
Reduce cost of production/reduce factory overheads/reduce direct wages/reduce cost of materials consumed/reduce cost of sales
Or other suitable suggestion
Any 2 suggestions (1) each</td><td>2</td></tr>
</table>

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>6(a)(i)</td><td>The total amount of capital a company has requested from its shareholders</td><td>1</td></tr>
<tr><td>6(a)(ii)</td><td>That part of the called-up capital for which a company has actually received the money from its shareholders</td><td>1</td></tr>
<tr><td>6(a)(iii)</td><td>The shareholders of a company are only liable for the debts of the company up to the amount they have agreed to pay for their shares</td><td>1</td></tr>
<tr><td>6(b)</td><td>
<table>
<tr><th></th><th>debentures</th><th>preference shares</th><th>ordinary shares</th></tr>
<tr><td>The holders receive dividend before ordinary share dividend.</td><td></td><td>✓</td><td></td></tr>
<tr><td>They are a long-term loan.</td><td>✓(1)</td><td></td><td></td></tr>
<tr><td>The holders are entitled to vote at the annual general meeting.</td><td></td><td></td><td>✓(1)</td></tr>
<tr><td>The holders receive a variable rate of dividend.</td><td></td><td></td><td>✓(1)</td></tr>
<tr><td>The holders receive a fixed rate of dividend.</td><td></td><td>✓(1)</td><td></td></tr>
<tr><td>If the company is wound-up the holders are repaid after all other investors.</td><td></td><td></td><td>✓(1)</td></tr>
</table>
</td><td>5</td></tr>
<tr><td>6(c)</td><td>Get a fixed return
Have priority over ordinary shareholders for the interest/dividend
Have priority over ordinary shareholders in a winding-up
Neither have voting rights
Not members of the company
Or other suitable comment
Any 2 comments (1) each</td><td>2</td></tr>
</table>

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>6(d)</td><td>
<table>
<tr><th></th><th>Income statement</th><th>Statement of changes in equity</th><th>Statement of financial position</th><th>No entry</th></tr>
<tr><td>Half year interest on debentures paid on 1 July 2018</td><td>✓</td><td></td><td></td><td></td></tr>
<tr><td>Half year interest on debentures owing at 31 December 2018</td><td>✓(1)</td><td></td><td>✓(1)</td><td></td></tr>
<tr><td>Payment of interim ordinary share dividend on 1 July 2018</td><td></td><td>✓(1)</td><td></td><td></td></tr>
<tr><td>Payment of final ordinary share dividend for the year ended 31 December 2017</td><td></td><td>✓(1)</td><td></td><td></td></tr>
<tr><td>Proposed ordinary share dividend at 31 December 2018</td><td></td><td></td><td></td><td>✓(1)</td></tr>
<tr><td>Creation of general reserve</td><td></td><td>✓(1)</td><td>✓(1)</td><td></td></tr>
</table>
</td><td>7</td></tr>
<tr><td>6(e)</td><td>Bank overdraft not suitable for long-term borrowing
Bank may require overdraft to be repaid at short notice
Interest may be more than that on a loan
Overdraft facility may be withdrawn at short notice
Or other suitable comments
Any 2 comments (1) each</td><td>2</td></tr>
</table>

Question	Answer	Marks
6(f)		**3**

	increase $	decrease $	no effect
total of current assets at 1 January 2019	30 000		
total equity at 1 January 2019			✓**(1)**
total of non-current liabilities at 1 January 2019	30 000 **(1)**		
total profit for the year ending 31 December 2019		1 500 **(1)**	