



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.

This document consists of **16** printed pages.



Cambridge Assessment
International Education

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 $GP = 25/125 \times 60 = 12$ C of S = 48 Opening inventory + Purchases = 50 Closing inventory = 2 B $GP = 25\% \times 60 = 15$ C of S = 45 Opening inventory + Purchases = 50 Closing inventory = 5 C $25/125 \times 60 = 12$ D $25\% \times 60 = 15$	
(h)	Profit = $32 - 17 = 15$ A $15/(48 + 32 + 17) \times 100 = 15.46\%$ B $15/(48 + 32) \times 100 = 18.75\%$ C $15/(32 + 17) \times 100 = 30.61\%$ D $17/48 \times 100 = 35.42\%$	

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

Question	Answer	Marks												
2(d)	Gurdeep Journal <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></tr> </thead> <tbody> <tr> <td>Bad debts (1)</td><td style="text-align: center;">54</td><td></td></tr> <tr> <td>Sasha (1)</td><td></td><td style="text-align: center;">54</td></tr> <tr> <td>Debt owed by Sasha written off as irrecoverable (1)</td><td></td><td></td></tr> </tbody> </table>		Debit \$	Credit \$	Bad debts (1)	54		Sasha (1)		54	Debt owed by Sasha written off as irrecoverable (1)			3
	Debit \$	Credit \$												
Bad debts (1)	54													
Sasha (1)		54												
Debt owed by Sasha written off as irrecoverable (1)														
2(e)	Money received from a credit customer in payment/part payment of a debt after it has been written off as a bad debt. (1)	1												
2(f)	Prudence Accruals (matching) Consistency Any 2 principles (1) each	2												
2(g)	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	2												

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)	Sarah Petty Cash Book								11		
	Total received \$	Date	Details		Total paid \$	Office expenses \$	Travel \$	Cleaning \$		Ledger accounts \$	
	38	2019	Balance	b/d	(1)						
	212	Jan 1	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					
		31	Cleaner		(1)	80				80	
						218	19	14		80	105
		Balance	c/d		42						
260					260						
42	2019	Balance	b/d	(1)OF							
	Feb 1										
+ (1) dates + (1) OF totalling analysis columns											
3(c)	Sarah Cleaning account								2		
	Date (2019) Jan 31	Details Petty cash (1)	\$ 80	Date (2019) Jan 31	Details Petty cash (1)	\$ 10					
3(d)	Debit Eva's account with \$62 (1) Debit Olivia's account with \$43 (1)								2		

Question	Answer	Marks				
3(e)(i)	250 – 42 OF = 208 (1)OF	1				
3(e)(ii)	<table><tr><td>debit</td><td>credit</td></tr><tr><td>petty cash (1)</td><td>bank (1)</td></tr></table>	debit	credit	petty cash (1)	bank (1)	2
debit	credit					
petty cash (1)	bank (1)					

Question	Answer	Marks
4(a)		

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

Question	Answer	Marks																																																																																																														
5(a)(i)	The cost of the essentials necessary for production OR The total of direct materials, direct labour and direct expenses	1																																																																																																														
5(a)(ii)	The total cost of manufacturing the finished products OR The prime cost plus factory overheads	1																																																																																																														
5(a)(iii)	The goods which are partially completed	1																																																																																																														
5(b)	Hari Manufacturing Account for the year ended 31 December 2018 <table><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</td><td>14 810</td><td></td><td></td><td></td></tr><tr><td>(14 000 (1) + 1500 (1) – 690 (1))</td><td></td><td></td><td></td><td></td></tr><tr><td>Depreciation – Factory machinery</td><td>12 160</td><td>(1)</td><td></td><td></td></tr><tr><td>(20% × (95 000 – 34 200))</td><td></td><td></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><tr><td></td><td></td><td></td><td></td><td></td></tr></table>	Cost of materials consumed	\$		\$		Opening inventory of raw materials			13 500	(1)* both inventories	Purchases of raw materials	142 500				Carriage on raw materials	1 680		144 180	(1)				157 680		Closing inventory of raw materials			14 200	*				143 480		Direct factory wages			86 250	(1)	Prime cost			229 730	(1)OF	Factory overheads					Indirect factory wages	42 570	(1)			Factory rent, rates and insurance	14 810				(14 000 (1) + 1500 (1) – 690 (1))					Depreciation – Factory machinery	12 160	(1)			(20% × (95 000 – 34 200))					Loose tools (7140 – 6310)	830	(1)	70 370					300 100	(1)OF	Opening work in progress			15 100	(1)* both inventories				315 200		Closing work in progress			14 200	*	Cost of production			301 000	(1)OF						13
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Question	Answer	Marks																		
5(c)	$\frac{302800}{(24000 + 22200) / 2}$ whole formula (1) = 13.1 times(1)	2																		
5(d)(i)	Cost Net realisable value	1																		
5(d)(ii)	Prudence OR Accruals (matching)	1																		
5(e)	<table border="1"> <thead> <tr> <th></th><th>overstated</th><th>understated</th></tr> </thead> <tbody> <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> </tbody> </table>		overstated	understated	Cost of materials consumed for the year ended 31 December 2018		✓	Cost of production for the year ended 31 December 2018		✓ (1)	Gross profit for the year ended 31 December 2018	✓ (1)		Current assets at 31 December 2018	✓ (1)		Profit for the year ending 31 December 2019		✓ (1)	4
	overstated	understated																		
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Profit for the year ending 31 December 2019		✓ (1)																		
5(f)	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	2																		

Question	Answer				Marks																												
6(a)(i)	The total amount of capital a company has requested from its shareholders				1																												
6(a)(ii)	That part of the called-up capital for which a company has actually received the money from its shareholders				1																												
6(a)(iii)	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				1																												
6(b)	<table><tr><td></td><td>debentures</td><td>preference shares</td><td>ordinary shares</td></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>					debentures	preference shares	ordinary shares	The holders receive dividend before ordinary share dividend.		✓		They are a long-term loan.	✓(1)			The holders are entitled to vote at the annual general meeting.			✓(1)	The holders receive a variable rate of dividend.			✓(1)	The holders receive a fixed rate of dividend.		✓(1)		If the company is wound-up the holders are repaid after all other investors.			✓(1)	5
	debentures	preference shares	ordinary shares																														
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If the company is wound-up the holders are repaid after all other investors.			✓(1)																														
6(c)	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				2																												

Question	Answer					Marks
6(d)			Income statement	Statement of changes in equity	Statement of financial position	No entry
	Half year interest on debentures paid on 1 July 2018		✓			
	Half year interest on debentures owing at 31 December 2018		✓(1)		✓(1)	
	Payment of interim ordinary share dividend on 1 July 2018			✓(1)		
	Payment of final ordinary share dividend for the year ended 31 December 2017			✓(1)		
	Proposed ordinary share dividend at 31 December 2018					✓(1)
	Creation of general reserve			✓(1)	✓(1)	
6(e)	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					2

Question	Answer				Marks
6(f)		increase \$	decrease \$	no effect	3
	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)		