



ACCOUNTING

0452/12

Paper 1

October/November 2018

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 October/November 2018 series for most Cambridge IGCSE™, Cambridge International A and AS Level components and some Cambridge O Level components.

This document consists of **19** printed pages.

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
	Glossary (d) A $10\,000 \times 0.15$ B $10\,000 \times (0.4 - 0.15)$ C $10\,000 \times (1 - 0.4)$ D $10\,000 \times (1 - 0.15)$ (e) A $48\,700 - 29\,100 - 8000$ B $48\,700 - 8000$ C $67\,400 + 48\,700 - 29\,100 - 8000$ D $67\,400 + 48\,700 - 8000$ (h) A $1750 + 858$ B $1750 + 924$ C $1850 + 858$ D $1850 + 924$	
1(a)	D	1
1(b)	B	1
1(c)	D	1
1(d)	B	1
1(e)	D	1
1(f)	A	1
1(g)	C	1
1(h)	A	1
1(i)	C	1
1(j)	B	1

Question	Answer	Marks																																		
2(a)	Jennifer Journal <table><tr><th>Date 2018</th><th></th><th>Debit \$</th><th>Credit \$</th></tr><tr><td>Jun 1</td><td>Delivery van/Motor vehicles</td><td>15 000</td><td rowspan="2">} (1) both</td></tr><tr><td></td><td>Fixtures and fittings</td><td>2 700</td></tr><tr><td></td><td>Inventory</td><td>6 200</td><td rowspan="2">} (1) both</td></tr><tr><td></td><td>Cash</td><td>1 500</td></tr><tr><td></td><td>Loan from Amina</td><td></td><td>5 000 (1)</td></tr><tr><td></td><td>Capital</td><td></td><td>20 400 (1)</td></tr><tr><td></td><td></td><td>25 400</td><td>25 400</td></tr><tr><td></td><td>Assets, liabilities and capital at the start of the business (1)</td><td></td><td></td></tr></table>	Date 2018		Debit \$	Credit \$	Jun 1	Delivery van/Motor vehicles	15 000	} (1) both		Fixtures and fittings	2 700		Inventory	6 200	} (1) both		Cash	1 500		Loan from Amina		5 000 (1)		Capital		20 400 (1)			25 400	25 400		Assets, liabilities and capital at the start of the business (1)			5
Date 2018		Debit \$	Credit \$																																	
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	Assets, liabilities and capital at the start of the business (1)																																			
2(b)	Useful because it may be necessary to recall the reasons/it can involve non-regular transactions/can contain a reference to any prime documents. (1 mark for any acceptable purpose)	1																																		

Question	Answer	Marks
2(c)	Purchase/sale of non-current assets on credit Non-regular transactions not recorded in any other book of prime entry Correction of errors Year end transfers (1 mark per use – maximum 2)	2
2(d)	2 October 2018 Purchased office equipment (1) , for cash (1) 3 October 2018 Purchased motor vehicle (1) , on credit (1) 4 October 2018 Took drawings (1) , in cash (1)	6
2(e)	Duality	1
2(f)(i)	What the business owns and what is owed to the business	1
2(f)(ii)	What the business owes	1
2(f)(iii)	Resources provided by the owner of the business/what the business owes to the owner of the business	1
2(g)	Statement of the assets, liabilities, capital (1) of the business on a certain date (1)	2

Question	Answer	Marks																																							
3(a)	Saul Corrected Trial Balance at 31 March 2018 <table border="1"> <thead> <tr> <th></th><th>Debit \$</th><th>Credit \$</th></tr> </thead> <tbody> <tr> <td>Motor vehicle at net book value</td><td>38 000</td><td></td></tr> <tr> <td>Revenue</td><td></td><td>109 000 (1)</td></tr> <tr> <td>Purchases</td><td>80 230 (1)</td><td></td></tr> <tr> <td>Inventory</td><td>5 100 (1)</td><td></td></tr> <tr> <td>Bank overdraft</td><td></td><td>13 900 (1)</td></tr> <tr> <td>Cash in hand</td><td>1 500</td><td></td></tr> <tr> <td>Drawings</td><td>6 500 (1)</td><td></td></tr> <tr> <td>Discount allowed</td><td>720 (1)</td><td></td></tr> <tr> <td>Other operating expenses</td><td>9 350</td><td></td></tr> <tr> <td>Wages and salaries</td><td>16 500</td><td></td></tr> <tr> <td>Capital</td><td></td><td>35 000</td></tr> <tr> <td>1 OF if matching totals</td><td>157 900</td><td>157 900</td></tr> </tbody> </table>		Debit \$	Credit \$	Motor vehicle at net book value	38 000		Revenue		109 000 (1)	Purchases	80 230 (1)		Inventory	5 100 (1)		Bank overdraft		13 900 (1)	Cash in hand	1 500		Drawings	6 500 (1)		Discount allowed	720 (1)		Other operating expenses	9 350		Wages and salaries	16 500		Capital		35 000	1 OF if matching totals	157 900	157 900	7
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3(b)	A book in which transactions are recorded before being entered in the ledger. Or books used to record information from source documents	1																																							

Question	Answer	Marks														
3(c)	<table><tr><td></td><td>Book of prime (original) entry</td></tr><tr><td>Purchases</td><td><i>Purchases journal</i></td></tr><tr><td>Cash and cheques received from credit customers</td><td>Cash book (1)</td></tr><tr><td>Bad debts written off</td><td>(General) journal (1)</td></tr><tr><td>Discount received from credit suppliers</td><td>Cash book (1)</td></tr><tr><td>Sales returns</td><td>Sales returns journal (1)</td></tr><tr><td>Interest charged by credit suppliers</td><td>(General) journal (1)</td></tr></table>		Book of prime (original) entry	Purchases	<i>Purchases journal</i>	Cash and cheques received from credit customers	Cash book (1)	Bad debts written off	(General) journal (1)	Discount received from credit suppliers	Cash book (1)	Sales returns	Sales returns journal (1)	Interest charged by credit suppliers	(General) journal (1)	5
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Question	Answer						Marks																																																												
3(d)	Saul Sales ledger control account <table><tr><th>Date 2018</th><th>Details</th><th>\$</th><th>Date 2018</th><th>Details</th><th>\$</th></tr><tr><td>Jun 1</td><td>Balance b/d*</td><td>16 420</td><td>Jun 1</td><td>Balance b/d*</td><td>390</td></tr><tr><td>Jun 30</td><td>Sales (1)</td><td>39 800</td><td>Jun 30</td><td>Sales Returns (1)</td><td>2 700</td></tr><tr><td></td><td>Interest charged (1)</td><td>175</td><td></td><td>Bank/cash (1)</td><td>36 350</td></tr><tr><td></td><td>Balance c/d</td><td>200</td><td></td><td>Discount allowed (1) OF</td><td>570</td></tr><tr><td></td><td></td><td></td><td></td><td>Bad debt (1)</td><td>340</td></tr><tr><td></td><td></td><td></td><td></td><td>Contra/PLCA/set off (1)</td><td>760</td></tr><tr><td></td><td></td><td></td><td></td><td>Balance c/d</td><td>15 485</td></tr><tr><td></td><td></td><td><u>56 595</u></td><td></td><td></td><td><u>56 595</u></td></tr><tr><td>Jul 1</td><td>Balance b/d (1)</td><td>15 485</td><td>Jul 1</td><td>Balance b/d (1)</td><td>200</td></tr></table>						Date 2018	Details	\$	Date 2018	Details	\$	Jun 1	Balance b/d*	16 420	Jun 1	Balance b/d*	390	Jun 30	Sales (1)	39 800	Jun 30	Sales Returns (1)	2 700		Interest charged (1)	175		Bank/cash (1)	36 350		Balance c/d	200		Discount allowed (1) OF	570					Bad debt (1)	340					Contra/PLCA/set off (1)	760					Balance c/d	15 485			<u>56 595</u>			<u>56 595</u>	Jul 1	Balance b/d (1)	15 485	Jul 1	Balance b/d (1)	200	10
Date 2018	Details	\$	Date 2018	Details	\$																																																														
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Question	Answer	Marks
3(e)	Helps to prove the arithmetical accuracy of sales ledger Helps to reduce fraud Can (assist in) locating errors, allow help, identify errors Easy access to total receivables figure Quicker production of financial statements Provides a summary of transactions relating to trade receivables (1 mark per benefit, maximum 2)	2

Question	Answer					Marks
4(a)						5
		Capital expenditure	Revenue expenditure	Capital receipt	Revenue receipt	
	Motor vehicle repairs		✓			
	Legal fees on purchase of office building	✓ (1)				
	Purchase of goods for resale		✓ (1)			
	Insurance of plant and equipment		✓ (1)			
	Proceeds of sale of fixtures at net book value			✓ (1)		
	Discount received from supplier				✓ (1)	

Question	Answer			Marks			
4(b)				2			
		Increase	Decrease				
	Plant and equipment	✓ (1)					
	Motor vehicle		✓ (1)				
4(c)	Ahmed			3			
	Statement of corrected gross profit for the year ended 30 September 2018						
		Increase			Decrease		
		\$			\$		\$
	Draft gross profit					24 200	
	Disposal proceeds				2 600	(1)	
	Capital expenditure	15 000	(1)				
	15 000		2 600		12 400		
Corrected gross profit					36 600	(1) OF	

Question	Answer	Marks							
4(d)	Khalid Provision for depreciation account for office equipment <table><tr><td>Date 2018 Mar 31</td><td>Details Disposal (1) Balance c/d</td><td>\$ 300 5 300 <u>5 600</u></td><td>Date 2017 Apr 1 2018 Mar 31 Apr1</td><td>Details Balance b/d Income Statement * Balance b/d (1) OF</td><td>\$ 3 600 <u>2 000</u> <u>5 600</u> 5 300</td></tr></table> * 2 500 × 0.2 = 500 (1) * (9 000 – 1 500) × 0.2 = 1 500 (1) + 1 dates	Date 2018 Mar 31	Details Disposal (1) Balance c/d	\$ 300 5 300 <u>5 600</u>	Date 2017 Apr 1 2018 Mar 31 Apr1	Details Balance b/d Income Statement * Balance b/d (1) OF	\$ 3 600 <u>2 000</u> <u>5 600</u> 5 300	5	
Date 2018 Mar 31	Details Disposal (1) Balance c/d	\$ 300 5 300 <u>5 600</u>	Date 2017 Apr 1 2018 Mar 31 Apr1	Details Balance b/d Income Statement * Balance b/d (1) OF	\$ 3 600 <u>2 000</u> <u>5 600</u> 5 300				
4(e)	Khalid Office equipment disposal account <table><tr><td>Date 2018 Mar 31</td><td>Details Office equipment (1)</td><td>\$ 1 500 <u>1 500</u></td><td>Date 2018 Mar 31</td><td>Details Provision for depreciation Bank Income Statement</td><td>(1) OF (1) (1) OF</td><td>\$ 300 1 100 <u>100</u> <u>1 500</u></td></tr></table>	Date 2018 Mar 31	Details Office equipment (1)	\$ 1 500 <u>1 500</u>	Date 2018 Mar 31	Details Provision for depreciation Bank Income Statement	(1) OF (1) (1) OF	\$ 300 1 100 <u>100</u> <u>1 500</u>	4
Date 2018 Mar 31	Details Office equipment (1)	\$ 1 500 <u>1 500</u>	Date 2018 Mar 31	Details Provision for depreciation Bank Income Statement	(1) OF (1) (1) OF	\$ 300 1 100 <u>100</u> <u>1 500</u>			

Question	Answer	Marks												
4(f)	Khalid Extract from Statement of Financial Position at 31 March 2018 <table><tr><td></td><td>\$</td><td>\$</td><td>\$</td></tr><tr><td></td><td>Cost</td><td>Accumulated depreciation</td><td>Net book value</td></tr><tr><td>Office equipment</td><td>10 000 (1)</td><td>5 300 (1)OF</td><td>4 700 (1)OF</td></tr></table>		\$	\$	\$		Cost	Accumulated depreciation	Net book value	Office equipment	10 000 (1)	5 300 (1)OF	4 700 (1)OF	3
	\$	\$	\$											
	Cost	Accumulated depreciation	Net book value											
Office equipment	10 000 (1)	5 300 (1)OF	4 700 (1)OF											
4(g)	Accruals (matching), Prudence	1												

Question	Answer				Marks
5(a)					4
		Direct material	Direct labour	Factory overhead	
	Purchase of plastic toy parts	✓			
	Rent of factory			✓ (1)	
	Wages of machine operator		✓ (1)		
	Purchase of packaging	✓ (1)			
	Wages of supervisor			✓ (1)	
5(b)	Total of direct materials plus direct labour (1) plus direct expenses/royalties (1)				2

Question	Answer	Marks																																										
5(c)	TP Limited Manufacturing Account for the year ended 31 May 2018 <table><thead><tr><th></th><th>\$</th><th>\$</th></tr></thead><tbody><tr><td>Cost of raw materials used</td><td></td><td></td></tr><tr><td> Opening inventory</td><td>18 000</td><td></td></tr><tr><td> Purchases</td><td><u>323 000</u></td><td></td></tr><tr><td></td><td>341 000</td><td></td></tr><tr><td>Less: Closing inventory</td><td><u>22 100</u></td><td>318 900 (1)</td></tr><tr><td>Factory wages</td><td></td><td><u>98 000</u> (1)</td></tr><tr><td>Prime cost</td><td></td><td>416 900 (1)</td></tr><tr><td>Factory overheads</td><td></td><td><u>125 000</u> (1)</td></tr><tr><td></td><td></td><td>541 900</td></tr><tr><td>Opening work in progress</td><td></td><td><u>5 750</u></td></tr><tr><td></td><td></td><td>547 650</td></tr><tr><td>Closing work in progress (1)</td><td></td><td><u>(6 820)</u></td></tr><tr><td>Production cost of goods completed</td><td></td><td><u>540 830</u> (1)OF</td></tr></tbody></table>		\$	\$	Cost of raw materials used			Opening inventory	18 000		Purchases	<u>323 000</u>			341 000		Less: Closing inventory	<u>22 100</u>	318 900 (1)	Factory wages		<u>98 000</u> (1)	Prime cost		416 900 (1)	Factory overheads		<u>125 000</u> (1)			541 900	Opening work in progress		<u>5 750</u>			547 650	Closing work in progress (1)		<u>(6 820)</u>	Production cost of goods completed		<u>540 830</u> (1)OF	6
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5(d)	TP Limited Income Statement (Trading Account section) for the year ended 31 May 2018 <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th><th style="text-align: right;">\$</th><th style="text-align: right;">\$</th></tr> </thead> <tbody> <tr> <td>Revenue</td><td></td><td style="text-align: right;">836 000</td></tr> <tr> <td>Less: cost of sales</td><td></td><td></td></tr> <tr> <td>Opening inventory finished goods</td><td style="text-align: right;">27 200</td><td style="text-align: right;">*</td></tr> <tr> <td>Production cost</td><td style="text-align: right;">540 830</td><td style="text-align: right;">(1) OF</td></tr> <tr> <td>Purchases of finished goods</td><td style="text-align: right;">28 900</td><td style="text-align: right;">(1)</td></tr> <tr> <td></td><td style="text-align: right;"> 596 930</td><td></td></tr> <tr> <td>Closing inventory finished goods</td><td style="text-align: right;"> (30 100)</td><td style="text-align: right;">*(1)</td></tr> <tr> <td></td><td></td><td style="text-align: right;"> (566 830)</td></tr> <tr> <td>Gross profit</td><td></td><td style="text-align: right;"> 269 170 (1) OF</td></tr> <tr> <td></td><td></td><td style="text-align: right;"> </td></tr> </tbody> </table> * for both inventories		\$	\$	Revenue		836 000	Less: cost of sales			Opening inventory finished goods	27 200	*	Production cost	540 830	(1) OF	Purchases of finished goods	28 900	(1)		596 930		Closing inventory finished goods	(30 100)	*(1)			(566 830)	Gross profit		269 170 (1) OF				4
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Question	Answer	Marks
5(e)	Cheaper to buy than make Cannot manufacture those particular items themselves Production cannot keep up with demand 1 mark per point – maximum 2	2
5(f)	Prudence or Accruals (matching)	1
5(g)	Lower sales activity/no reference to selling price Higher levels of inventory Cost of sales is decreased Cheaper suppliers (or other acceptable reason) 1 mark per point - maximum 2	2
5(h)	Different type of goods Food is a necessity Food sells quicker than toys Food must be sold more quickly Food might spoil (or other acceptable reason) 1 mark per point - maximum 2	2

Question	Answer	Marks
6(a)	\$ \$ Café receipts 4 145 (1) Less: cost of sales Opening inventory 200 Purchases 2 300 2 500 Closing inventory (185) (2 315) (1) Gross profit 1 830 Wages (1 800) (1) Café profit 30 (1)OF Any format acceptable	4

Question	Answer	Marks																																																																																
6(b)	CC Club Income and Expenditure Account for the year ended 30 September 2018 <table><tr><td></td><td>\$</td><td>\$</td><td></td></tr><tr><td>Subscriptions</td><td></td><td>24 400</td><td></td></tr><tr><td>24 500–750 (1) +650 (1)</td><td></td><td></td><td></td></tr><tr><td>Café profit</td><td></td><td>30</td><td>(1) OF</td></tr><tr><td>Competition entry fees</td><td>1 550</td><td></td><td></td></tr><tr><td>Cost of prizes</td><td>(500)</td><td>1 050</td><td>(1)</td></tr><tr><td></td><td></td><td> </td><td></td></tr><tr><td></td><td></td><td>25 480</td><td></td></tr><tr><td>Rent (4 000–500)</td><td></td><td>3</td><td>(1)</td></tr><tr><td></td><td></td><td>500</td><td></td></tr><tr><td>General expenses (6 870+320)</td><td></td><td>7</td><td>(1)</td></tr><tr><td></td><td></td><td>190</td><td></td></tr><tr><td>Wages</td><td></td><td>6</td><td></td></tr><tr><td></td><td></td><td>900</td><td></td></tr><tr><td>Depreciation on sports equipment</td><td></td><td>8</td><td></td></tr><tr><td></td><td></td><td>250</td><td></td></tr><tr><td></td><td></td><td> </td><td></td></tr><tr><td>37 400+7 600 (1) –36 750 (1)</td><td></td><td>(25 840)</td><td></td></tr><tr><td></td><td></td><td> </td><td></td></tr><tr><td>Deficit for the year</td><td></td><td>360</td><td>(1) OF</td></tr></table>		\$	\$		Subscriptions		24 400		24 500–750 (1) +650 (1)				Café profit		30	(1) OF	Competition entry fees	1 550			Cost of prizes	(500)	1 050	(1)							25 480		Rent (4 000–500)		3	(1)			500		General expenses (6 870+320)		7	(1)			190		Wages		6				900		Depreciation on sports equipment		8				250						37 400+7 600 (1) –36 750 (1)		(25 840)						Deficit for the year		360	(1) OF	9
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		250																																																																																
37 400+7 600 (1) –36 750 (1)		(25 840)																																																																																
Deficit for the year		360	(1) OF																																																																															

Question	Answer	Marks										
6(c)	<table><tr><td>Receipts and payments account</td><td>Income and expenditure account</td></tr><tr><td>Shows opening and closing bank balance</td><td>Shows surplus and deficit for the year</td></tr><tr><td>Makes no adjustment for accruals and prepayments</td><td>Makes adjustment for accruals and prepayments</td></tr><tr><td>Does not include non-cash items</td><td>Includes non-cash items</td></tr><tr><td>Includes capital and revenue items</td><td>Includes only revenue items</td></tr></table> 1 mark for each difference – maximum 3	Receipts and payments account	Income and expenditure account	Shows opening and closing bank balance	Shows surplus and deficit for the year	Makes no adjustment for accruals and prepayments	Makes adjustment for accruals and prepayments	Does not include non-cash items	Includes non-cash items	Includes capital and revenue items	Includes only revenue items	3
Receipts and payments account	Income and expenditure account											
Shows opening and closing bank balance	Shows surplus and deficit for the year											
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Includes capital and revenue items	Includes only revenue items											
6(d)	Increase selling prices Find cheaper suppliers/obtain discounts Change the mix of sales Reduce expenses Reduce wages Buy cheaper products (or other acceptable suggestions) 1 mark for each suggestion – maximum 3	3										