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**ACCOUNTING****0452/12**

Paper 1

**March 2019**

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

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

**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.

<b>Question</b>	<b>Answer</b>	<b>Marks</b>
1(a)	C	<b>1</b>
1(b)	D	<b>1</b>
1(c)	C	<b>1</b>
1(d)	C	<b>1</b>
1(e)	A	<b>1</b>
1(f)	A	<b>1</b>
1(g)	B	<b>1</b>
1(h)	B	<b>1</b>
1(i)	D	<b>1</b>
1(j)	D	<b>1</b>

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

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 <b>Accept other valid points.</b>  <b>Any 1 advantage (1)</b>				<b>1</b>																																				
2(b)	Any asset, liability, revenue or expense account (i.e. any account apart from trade payables and trade receivables) <b>Any 2 accounts (1) each</b>				<b>2</b>																																				
2(c)	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 70%;"></th> <th style="width: 10%; text-align: center;">debit</th> <th style="width: 10%; text-align: center;">credit</th> <th style="width: 10%; text-align: center;">no entry</th> </tr> </thead> <tbody> <tr> <td>opening balance owed to credit suppliers</td> <td></td> <td style="text-align: center;">✓(1)</td> <td></td> </tr> <tr> <td>credit purchases</td> <td></td> <td style="text-align: center;">✓(1)</td> <td></td> </tr> <tr> <td>cash purchases</td> <td></td> <td></td> <td style="text-align: center;">✓(1)</td> </tr> <tr> <td>cash refund received from credit supplier</td> <td></td> <td style="text-align: center;">✓(1)</td> <td></td> </tr> <tr> <td>cash discount received from credit suppliers</td> <td style="text-align: center;">✓(1)</td> <td></td> <td></td> </tr> <tr> <td>trade discount received from credit suppliers</td> <td></td> <td></td> <td style="text-align: center;">✓(1)</td> </tr> <tr> <td>interest charged on overdue account</td> <td></td> <td style="text-align: center;">✓(1)</td> <td></td> </tr> <tr> <td>contra entry to sales ledger control account</td> <td style="text-align: center;">✓(1)</td> <td></td> <td></td> </tr> </tbody> </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)			<b>8</b>
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Question	Answer	Marks												
2(d)	<p style="text-align: center;">Gurdeep 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> </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)			<b>3</b>
	Debit \$	Credit \$												
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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. <b>(1)</b>	<b>1</b>												
2(f)	Prudence Accruals (matching) Consistency <b>Any 2 principles (1) each</b>	<b>2</b>												
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 <b>Accept other valid reasons.</b> <b>Any 2 reasons (1) each</b>	<b>2</b>												

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

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 <b>Accept other suitable advantage</b> <b>Any 2 advantages (1) each</b>	<b>2</b>



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

Question	Answer	Marks								
3(e)(i)	250 – 42 <b>OF</b> = 208 <b>(1)OF</b>	<b>1</b>								
3(e)(ii)	<table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th colspan="2">debit</th> <th colspan="2">credit</th> </tr> </thead> <tbody> <tr> <td>petty cash</td> <td style="text-align: right;"><b>(1)</b></td> <td>bank</td> <td style="text-align: right;"><b>(1)</b></td> </tr> </tbody> </table>	debit		credit		petty cash	<b>(1)</b>	bank	<b>(1)</b>	<b>2</b>
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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)	<p style="text-align: center;">Hari Manufacturing Account for the year ended 31 December 2018</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 50%;"></th> <th style="width: 10%; text-align: center;">\$</th> <th style="width: 10%;"></th> <th style="width: 10%; text-align: center;">\$</th> <th style="width: 19%;"></th> </tr> </thead> <tbody> <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 style="text-align: right;">13 500</td> <td rowspan="2"><b>(1)* both inventories</b></td> </tr> <tr> <td>Purchases of raw materials</td> <td style="text-align: right;">142 500</td> <td></td> <td></td> </tr> <tr> <td>Carriage on raw materials</td> <td style="text-align: right;">1 680</td> <td></td> <td style="text-align: right;">144 180</td> <td><b>(1)</b></td> </tr> <tr> <td></td> <td></td> <td></td> <td style="text-align: right;">157 680</td> <td></td> </tr> <tr> <td>Closing inventory of raw materials</td> <td></td> <td></td> <td style="text-align: right;">14 200</td> <td>*</td> </tr> <tr> <td></td> <td></td> <td></td> <td style="text-align: right;">143 480</td> <td></td> </tr> <tr> <td>Direct factory wages</td> <td></td> <td></td> <td style="text-align: right;">86 250</td> <td><b>(1)</b></td> </tr> <tr> <td>Prime cost</td> <td></td> <td></td> <td style="text-align: right;">229 730</td> <td><b>(1)OF</b></td> </tr> <tr> <td>Factory overheads</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Indirect factory wages</td> <td style="text-align: right;">42 570</td> <td><b>(1)</b></td> <td></td> <td></td> </tr> <tr> <td>Factory rent, rates and insurance (14 000 <b>(1)</b> + 1500 <b>(1)</b> – 690 <b>(1)</b>)</td> <td style="text-align: right;">14 810</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Depreciation – Factory machinery (20% · (95 000 – 34 200))</td> <td style="text-align: right;">12 160</td> <td><b>(1)</b></td> <td></td> <td></td> </tr> <tr> <td>Loose tools (7140 – 6310)</td> <td style="text-align: right;">830</td> <td><b>(1)</b></td> <td style="text-align: right;">70 370</td> <td></td> </tr> <tr> <td></td> <td></td> <td></td> <td style="text-align: right;">300 100</td> <td><b>(1)OF</b></td> </tr> <tr> <td>Opening work in progress</td> <td></td> <td></td> <td style="text-align: right;">15 100</td> <td><b>(1)* both inventories</b></td> </tr> <tr> <td></td> <td></td> <td></td> <td style="text-align: right;">315 200</td> <td></td> </tr> <tr> <td>Closing work in progress</td> <td></td> <td></td> <td style="text-align: right;">14 200</td> <td>*</td> </tr> <tr> <td>Cost of production</td> <td></td> <td></td> <td style="text-align: right;">301 000</td> <td><b>(1)OF</b></td> </tr> </tbody> </table>		\$		\$		Cost of materials consumed					Opening inventory of raw materials			13 500	<b>(1)* both inventories</b>	Purchases of raw materials	142 500			Carriage on raw materials	1 680		144 180	<b>(1)</b>				157 680		Closing inventory of raw materials			14 200	*				143 480		Direct factory wages			86 250	<b>(1)</b>	Prime cost			229 730	<b>(1)OF</b>	Factory overheads					Indirect factory wages	42 570	<b>(1)</b>			Factory rent, rates and insurance (14 000 <b>(1)</b> + 1500 <b>(1)</b> – 690 <b>(1)</b> )	14 810				Depreciation – Factory machinery (20% · (95 000 – 34 200))	12 160	<b>(1)</b>			Loose tools (7140 – 6310)	830	<b>(1)</b>	70 370					300 100	<b>(1)OF</b>	Opening work in progress			15 100	<b>(1)* both inventories</b>				315 200		Closing work in progress			14 200	*	Cost of production			301 000	<b>(1)OF</b>	13
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Factory rent, rates and insurance (14 000 <b>(1)</b> + 1500 <b>(1)</b> – 690 <b>(1)</b> )	14 810																																																																																																				
Depreciation – Factory machinery (20% · (95 000 – 34 200))	12 160	<b>(1)</b>																																																																																																			
Loose tools (7140 – 6310)	830	<b>(1)</b>	70 370																																																																																																		
			300 100	<b>(1)OF</b>																																																																																																	
Opening work in progress			15 100	<b>(1)* both inventories</b>																																																																																																	
			315 200																																																																																																		
Closing work in progress			14 200	*																																																																																																	
Cost of production			301 000	<b>(1)OF</b>																																																																																																	



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 border="1"> <thead> <tr> <th data-bbox="383 448 1326 549"></th> <th data-bbox="1326 448 1514 549">debentures</th> <th data-bbox="1514 448 1704 549">preference shares</th> <th data-bbox="1704 448 1892 549">ordinary shares</th> </tr> </thead> <tbody> <tr> <td data-bbox="383 549 1326 616">The holders receive dividend before ordinary share dividend.</td> <td data-bbox="1326 549 1514 616"></td> <td data-bbox="1514 549 1704 616">✓</td> <td data-bbox="1704 549 1892 616"></td> </tr> <tr> <td data-bbox="383 616 1326 683">They are a long-term loan.</td> <td data-bbox="1326 616 1514 683">✓(1)</td> <td data-bbox="1514 616 1704 683"></td> <td data-bbox="1704 616 1892 683"></td> </tr> <tr> <td data-bbox="383 683 1326 750">The holders are entitled to vote at the annual general meeting.</td> <td data-bbox="1326 683 1514 750"></td> <td data-bbox="1514 683 1704 750"></td> <td data-bbox="1704 683 1892 750">✓(1)</td> </tr> <tr> <td data-bbox="383 750 1326 817">The holders receive a variable rate of dividend.</td> <td data-bbox="1326 750 1514 817"></td> <td data-bbox="1514 750 1704 817"></td> <td data-bbox="1704 750 1892 817">✓(1)</td> </tr> <tr> <td data-bbox="383 817 1326 884">The holders receive a fixed rate of dividend.</td> <td data-bbox="1326 817 1514 884"></td> <td data-bbox="1514 817 1704 884">✓(1)</td> <td data-bbox="1704 817 1892 884"></td> </tr> <tr> <td data-bbox="383 884 1326 975">If the company is wound-up the holders are repaid after all other investors.</td> <td data-bbox="1326 884 1514 975"></td> <td data-bbox="1514 884 1704 975"></td> <td data-bbox="1704 884 1892 975">✓(1)</td> </tr> </tbody> </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
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6(c)	<p>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  <b>Or other suitable comment</b>  <b>Any 2 comments (1) each</b></p>	2																												

Question	Answer					Marks
6(d)		Income statement	Statement of changes in equity	Statement of financial position	No entry	7
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 <b>Or other suitable comments</b> <b>Any 2 comments (1) each</b>					2

Question	Answer				Marks
6(f)		increase \$	decrease \$	no effect	<b>3</b>
	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)		