Cambridge IGCSE

Cambridge Assessment International Education
Cambridge International General Certificate of Secondary Education

ACCOUNTING **0452/12**

Paper 1 **May/June 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.

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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)	A	**1**
1(e)	D	**1**
1(f)	B	**1**
1(g)	C	**1**
1(h)	B	**1**
1(i)	A	**1**
1(j)	D	**1**
	Glossary 1(d) A (103 650 + 4960 + 130 + 100 + 5120) – (5380 + 240 + 2900) B counting rent prepaid as asset (103 650 + 4960 + 130 + 100 + 5120 + 240) – (5380 + 2900) C crossing trade payables and trade receivables (103 650 + 4960 + 130 + 100 + 5380) – (5120 + 240 + 2900) D counting overdraft as asset (103 650 + 4960 + 130 + 100 + 5120 + 2900) – (5380 + 240) 1(f) A and C 340 – 260 1(g) A and C 2830 – 100 – 45 B and D 2830 + 100 – 45 1(h) A and C (47 600 + 12 500 – (7500 + 51 250) B and D (47 600 + 7500) – (51 250 + 12 500) 1(j) A and B (250) – 96 + 183 C and D (250) + 96 – 183	

Question	Answer	Marks
2(a)	Payment of annual insurance premium — *revenue expendituire* Purchases of goods for re-sale — revenue expenditure **(1)** Proceeds of sale of old shop fittings at book value — capital receipt **(1)** Cost of new shop fittings — capital expenditure **(1)** Delivery charge on new shop fittings — capital expenditure **(1)** Cash sales — revenue receipt **(1)** Loan from bank — capital receipt **(1)**	**6**
2(b)	see table below	**9**

transaction	account(s) debited	$		account(s) credited	$	
Nabil transferred his private motor vehicle, $18 000 to the business.	motor vehicles	18 000	**(1)**	capital	18 000	**(1)**
Purchased stationery, $44, on credit from Tahir.	stationery	44	**(1)**	Tahir	44	**(1)**
Paid office cash, $490, into the business bank account.	bank	490	**(1)**	cash	490	**(1)**
Settled Vijay's account of $200 by bank transfer after deducting 2% cash discount.	Vijay	200	**(1)**	bank discount received	196 4	**(1)** **(1)**

Question	Answer				Marks
2(c)		debit column	credit column		6
	rent and rates	*given*		**Any 2 correct items (1)**	
	capital		✓		
	motor vehicle at cost	✓			
	motor expenses	✓			
	purchases returns		✓		
	discount received		✓		
	Tarek, a credit supplier		✓		
	insurance	✓			
	bank overdraft		✓		
	operating expenses	✓			
	5 year bank loan		✓		
	drawings	✓			
	carriage outwards	✓			

Question	Answer	Marks
3(a)	Hamila Safiya account	**6**

Date	Details	$	Date	Details	$
2019			2019		
Feb 1	Balance b/d **(1)**	320	Feb 12	Bank **(1)**	320
16	Sales **(1)**	200	24	Cash **(1)**	400
18	Bank **(1)**	320	27	Bad debts **(1OF)**	120
		840			840

Question	Answer	Marks
3(b)	Hamila Bad debts account	**2**

Date	Details	$	Date	Details	$
2019			2019		
Feb 27	*Total to date*	674	Feb 28	Income statement * **(1OF)**	794
	Safiya **(1OF)**	120			
		794			794

Question	Answer	Marks
3(c)(i)	1 March 2018 Balance b/d This is the amount of the provision for doubtful debts at the start or brought down or initial provision (of the financial year). **(1)** Double entry: provision for doubtful debts **}** debit **}(1)** 28 February 2019 Balance c/d This is the total of the provision for doubtful debts at the end of the year or to be brought down or new provision **Or** This is the amount of provision for doubtful debts required for the following financial year **(1)** Double entry: provision for doubtful debts **}** credit **}(1)**	**4**
3(c)(ii)	This is the difference between the opening and closing provision for doubtful debts. **(1)** This is the surplus provision which is transferred to the income statement. **(1)** There is a decrease or reduction in provision **(1)** and this is added to gross profit or additional income **(1)**	**2**
3(d)	Hamila's profit for the year is shown at a more realistic figure **(1)** Hamila's trade receivables (current assets) are not overstated **(1)**	**2**
3(e)	The sales for which Hamila is unlikely to be paid **(1)** are regarded as an expense of the year in which those sales are made **(1)** providing for potential losses **(1)** recognise that some accounts may not be paid **(1)**	**2**
3(f)	Reduce credit sales/sell on cash basis only Obtain references from new credit customers Fix or reduce credit limit for each customer Improve credit control/ reduce credit period Issue invoices and monthly statements promptly Refuse further supplies until outstanding balance is paid Allow cash discount (for prompt payment) Charge interest on overdue accounts **Any 2 points (1) each**	**2**

Question	Answer	Marks
4(a)	2 years' depreciation = Year 1 $4000 \times 20\% = 800$ 2 $(4000 - 800) \times 20\% = 640$ Profit/loss on disposal $ Cost 4000 **(1)** Less Depreciation to date (800 **(1)** + 640 **(1)** 1440 2560 Less Proceeds of sale 1900 Loss (on sale) **(1)** 660 **(1) OF**	**5**
4(b)	Sam General Journal Date | Details | Debit $ | Credit $ | 2018 Jan 1 | Office equipment | 8000 | | **(1)** | C Limited | | 8000 | **(1)** | Purchase of office equipment **on credit** | | | **(1)**	**3**
4(c)(i)	$\frac{(8000 - 2000)}{5 \text{ years}}$ **(1)** = 1200 **(1)**	**2**
4(c)(ii)	$20\% \times 8000 = 1600$ **(1)**	**1**

Question	Answer	Marks
4(d)	Sam General Journal	3

Date	Details	Debit $	Credit $	
2018 Dec 31	Income statement	1600		**(1)OF**
	Provision for depreciation of office equipment		1600	**(1)OF**
	Depreciation on (office) equipment (transferred to income statement)			**(1)**

Question	Answer	Marks
4(e)	Sam – Petty Cash Book	10

Total received $	Date 2019	Details		Total paid $	Office expenses $	Travel $	Cleaning $	Ledger accounts $
150	*April 1*	*Cash*						
	3	*Taxi fare*		*12*		} 12		
	6	*Parcel post*				}(1)*		
5	11	Cleaner (refund)	**(1)**	*3*	3	}		
	18	Kelly	**(1)**	35				35
	21	Printer paper	**(1)**	23	23			
	30	Cleaner	**(1)**	56			56	
				129	26	12	56	35
		Balance c/d		26				
155				155				
26	May 1	Balance b/d	**(1)OF**					
124		Cash/bank	**(1)OF**					

*** for entering both items in the appropriate analysis columns**
(1) Dates
(1) Totalling analysis columns
(1) Totalling total columns

Question	Answer	Marks
5(a)	To reward the partner investing the highest capital To encourage partners to invest in the business **Any 1 reason (1)**	1

Question	Answer	Marks
5(b)	To discourage partners from making excessive drawings To 'penalise' the partner who makes high drawings **Any 1 reason (1)**	1
5(c)	To compensate for extra workload/responsibilities, running the business, more experience, working or active partner	1
5(d)	Mostafa and Salma Profit and Loss Appropriation Account for the year ended 30 April 2019	8

			$	$
Profit for the year				14 820
Interest on drawings	Mostafa		600 **(1)**	
	Salma		<u>480</u> **(1)**	<u>1 080</u>
				15 900
Interest on capital	Mostafa			
	Salma		2 250 **(1)**	
			<u>1 250</u> **(1)**	
			3 500	
Partner's salary	*Mostafa			
	9 mths x 12 000	9000 **(1)**		
	3 mths x 15 000	3750 **(1)**	<u>12 750</u>	(<u>16 250</u>)
				(350)
Share of loss	Mostafa		210 **(1)OF**	
	Salma		<u>140</u> **(1)OF**	(<u>350</u>)

Question	Answer	Marks
5(e)	Mostafa and Salma Mostafa Current account	**5**

Date	Details	$	Date	Details	$
2019			*2018*		
Apl 30	Drawings **}(1)**	10 000	*May 1*	*Balance b/d*	3 250
	Int on draw **OF }**	600	2019		
	Loss share **(1)OF**	210	Apl 30	Int on Cap **OF}(1)**	2 250
	Balance c/d	7 440		Salary **OF}**	12 750
		18 250			18 250
			2019		
			May 1	Balance b/d**(1)OF**	7 440

(1) Dates

Question	Answer	Marks
6(a)	(see table below)	8

	financial statement	
Wages accrued at 30 April 2019	*Income statement* *Statement of financial position*	
Ordinary share capital	Statement of changes in equity Statement of financial position	**(1)** **(1)**
Creation of general reserve	Statement of changes in equity Statement of financial position	**(1)** **(1)**
Payment of interim ordinary share dividend on 31 October 2018	Statement of changes in equity	**(1)**
Proposed ordinary share dividend at 30 April 2019	No entry	**(1)**
Debenture interest accrued on 30 April 2019	Income statement Statement of financial position	**(1)** **(1)**

Question	Answer	Marks
6(b)	(see table below)	5

	true	false
debenture holders receive interest	✓	
debentures holders receive a variable rate of interest		✓**(1)**
debentures are usually included in the non-current liabilities section of the statement of financial position	✓**(1)**	
debentures have a prior claim in the event of the company being wound up.	✓**(1)**	
debenture holders are entitled to vote at the annual general meeting		✓**(1)**
debentures are often secured on the non-current assets of the company	✓**(1)**	

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>6(c)</td><td>Reduction in profit available for the ordinary shareholders or receive less dividends or receive dividends later

Debenture holders or debentures have prior claim on the assets of the company in the event of a winding-up
Or other relevant points
Any 2 points (1) each</td><td>2</td></tr>
<tr><td>6(d)</td><td>(27 400 + 25 200) : (28 700 + 10 800) = 52 600 : 39 500 (1 whole formula) = 1.33 : 1 (1)</td><td>2</td></tr>
<tr><td>6(e)</td><td>25 200 : (28 700 + 10 800) = 25 200 : 39 500 (1 whole formula) = 0.64 : 1 (1)</td><td>2</td></tr>
<tr><td>6(f)</td><td>Quick ratio does not include inventory (1)
Either
Inventory is the least liquid current asset – a buyer has to be found and then the money collected (1)
Or
The quick ratio shows whether the business would have any surplus liquid funds if all the current liabilities were paid immediately from the liquid assets (1)</td><td>2</td></tr>
<tr><td>6(g)</td><td>
<table>
<tr><th></th><th>increase</th><th>decrease</th><th>no effect</th></tr>
<tr><td>issue additional debentures</td><td>✓(1)</td><td></td><td></td></tr>
<tr><td>pay operating expenses by cheque</td><td></td><td>✓(1)</td><td></td></tr>
<tr><td>sell goods for cash instead of on credit</td><td></td><td></td><td>✓(1)</td></tr>
<tr><td>delay paying credit suppliers</td><td></td><td></td><td>✓(1)</td></tr>
<tr><td>sell unused non-current assets</td><td>✓(1)</td><td></td><td></td></tr>
<tr><td>reduce credit period for credit customers</td><td></td><td></td><td>✓(1)</td></tr>
</table>
</td><td>6</td></tr>
</table>

Question	Answer	Marks
6(h)	Unable to pay debts (day to day expenses) when they fall due or current liabilities Unable to take advantage of cash discounts Unable to take advantage of business opportunities when they arise or expand May have difficulty in obtaining further supplies May not be able to pay dividends Poor relationship with supplier or may be charged interest for late payment Difficult to obtain bank loan **Or other suitable points** **Any 2 points (1) each**	**2**