



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.

Cambridge International is publishing the mark schemes for the May/June 2019 series for most Cambridge IGCSE™, Cambridge International A and AS Level and Cambridge Pre-U components, and some Cambridge O Level components.

This document consists of **16** 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																																			
2(a)	Payment of annual insurance premium	<i>revenue expenditure</i>				6																																				
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)																																									
2(b)	<table border="1"> <thead> <tr> <th data-bbox="349 718 952 818">transaction</th> <th colspan="3" data-bbox="958 718 1402 818">account(s) debited \$</th> <th colspan="3" data-bbox="1408 718 1839 818">account(s) credited \$</th> </tr> </thead> <tbody> <tr> <td data-bbox="349 823 952 924">Nabil transferred his private motor vehicle, \$18 000 to the business.</td> <td data-bbox="958 823 1196 924">motor vehicles</td> <td data-bbox="1202 823 1330 924">18 000</td> <td data-bbox="1337 823 1402 924">(1)</td> <td data-bbox="1408 823 1630 924">capital</td> <td data-bbox="1637 823 1765 924">18 000</td> <td data-bbox="1771 823 1839 924">(1)</td> </tr> <tr> <td data-bbox="349 928 952 1029">Purchased stationery, \$44, on credit from Tahir.</td> <td data-bbox="958 928 1196 1029">stationery</td> <td data-bbox="1202 928 1330 1029">44</td> <td data-bbox="1337 928 1402 1029">(1)</td> <td data-bbox="1408 928 1630 1029">Tahir</td> <td data-bbox="1637 928 1765 1029">44</td> <td data-bbox="1771 928 1839 1029">(1)</td> </tr> <tr> <td data-bbox="349 1034 952 1134">Paid office cash, \$490, into the business bank account.</td> <td data-bbox="958 1034 1196 1134">bank</td> <td data-bbox="1202 1034 1330 1134">490</td> <td data-bbox="1337 1034 1402 1134">(1)</td> <td data-bbox="1408 1034 1630 1134">cash</td> <td data-bbox="1637 1034 1765 1134">490</td> <td data-bbox="1771 1034 1839 1134">(1)</td> </tr> <tr> <td data-bbox="349 1139 952 1256">Settled Vijay's account of \$200 by bank transfer after deducting 2% cash discount.</td> <td data-bbox="958 1139 1196 1256">Vijay</td> <td data-bbox="1202 1139 1330 1256">200</td> <td data-bbox="1337 1139 1402 1256">(1)</td> <td data-bbox="1408 1139 1630 1256">bank discount received</td> <td data-bbox="1637 1139 1765 1256">196 4</td> <td data-bbox="1771 1139 1839 1256">(1) (1)</td> </tr> </tbody> </table>						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)	9
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Question	Answer			Marks	
2(c)		debit column	credit column	Any 2 correct items (1)	6
	rent and rates	<i>given</i>			
	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																													
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4(a)	<p>2 years' depreciation = Year 1 $4000 \times 20\% = 800$ $2 (4000 - 800) \times 20\% = 640$</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">Profit/loss on disposal</td> <td style="text-align: right;">\$</td> <td></td> </tr> <tr> <td>Cost</td> <td style="text-align: right;">4000</td> <td style="text-align: right;">(1)</td> </tr> <tr> <td>Less Depreciation to date (800 (1) + 640 (1))</td> <td style="text-align: right;"><u>1440</u></td> <td></td> </tr> <tr> <td></td> <td style="text-align: right;">2560</td> <td></td> </tr> <tr> <td>Less Proceeds of sale</td> <td style="text-align: right;"><u>1900</u></td> <td></td> </tr> <tr> <td>Loss (on sale) (1)</td> <td style="text-align: right;"><u>660</u></td> <td style="text-align: right;">(1) OF</td> </tr> </table>	Profit/loss on disposal	\$		Cost	4000	(1)	Less Depreciation to date (800 (1) + 640 (1))	<u>1440</u>			2560		Less Proceeds of sale	<u>1900</u>		Loss (on sale) (1)	<u>660</u>	(1) OF	5
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2018 Jan 1	Office equipment C Limited Purchase of office equipment on credit	8000	8000	(1) (1) (1)																
4(c)(i)	$\frac{(8000 - 2000) (1)}{5 \text{ years}} = 1200 (1)$	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 Provision for depreciation of office equipment Depreciation on (office) equipment (transferred to income statement)	1600	1600	(1)OF (1)OF (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				
		6	Parcel post			} 12		
	5	11	Cleaner (refund) (1)	3	3	}(1)*		
		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					
	<p>* for entering both items in the appropriate analysis columns (1) Dates (1) Totalling analysis columns (1) Totalling total columns</p>							

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

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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)	<p style="text-align: center;">Mostafa and Salma Profit and Loss Appropriation Account for the year ended 30 April 2019</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 60%;"></th> <th style="width: 20%; text-align: center;">\$</th> <th style="width: 20%; text-align: center;">\$</th> </tr> </thead> <tbody> <tr> <td>Profit for the year</td> <td></td> <td style="text-align: right;">14 820</td> </tr> <tr> <td>Interest on drawings</td> <td></td> <td></td> </tr> <tr> <td style="padding-left: 20px;">Mostafa</td> <td style="text-align: right;">600 (1)</td> <td></td> </tr> <tr> <td style="padding-left: 20px;">Salma</td> <td style="text-align: right;"><u>480 (1)</u></td> <td style="text-align: right;"><u>1 080</u></td> </tr> <tr> <td></td> <td></td> <td style="text-align: right;">15 900</td> </tr> <tr> <td>Interest on capital</td> <td></td> <td></td> </tr> <tr> <td style="padding-left: 20px;">Mostafa</td> <td style="text-align: right;">2 250 (1)</td> <td></td> </tr> <tr> <td style="padding-left: 20px;">Salma</td> <td style="text-align: right;"><u>1 250 (1)</u></td> <td></td> </tr> <tr> <td></td> <td style="text-align: right;">3 500</td> <td></td> </tr> <tr> <td>Partner's salary</td> <td></td> <td></td> </tr> <tr> <td style="padding-left: 20px;">*Mostafa</td> <td></td> <td></td> </tr> <tr> <td style="padding-left: 40px;">9 mths x 12 000</td> <td style="text-align: right;">9000 (1)</td> <td></td> </tr> <tr> <td style="padding-left: 40px;">3 mths x 15 000</td> <td style="text-align: right;">3750 (1)</td> <td></td> </tr> <tr> <td></td> <td style="text-align: right;"><u>12 750</u></td> <td style="text-align: right;"><u>(16 250)</u></td> </tr> <tr> <td></td> <td></td> <td style="text-align: right;">(350)</td> </tr> <tr> <td>Share of loss</td> <td></td> <td></td> </tr> <tr> <td style="padding-left: 20px;">Mostafa</td> <td style="text-align: right;">210 (1)OF</td> <td></td> </tr> <tr> <td style="padding-left: 20px;">Salma</td> <td style="text-align: right;"><u>140 (1)OF</u></td> <td style="text-align: right;"><u>(350)</u></td> </tr> </tbody> </table>		\$	\$	Profit for the year		14 820	Interest on drawings			Mostafa	600 (1)		Salma	<u>480 (1)</u>	<u>1 080</u>			15 900	Interest on capital			Mostafa	2 250 (1)		Salma	<u>1 250 (1)</u>			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 (1)OF</u>	<u>(350)</u>	8
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Question	Answer			Marks					
6(a)		financial statement		8					
	Wages accrued at 30 April 2019	<i>Income statement</i> <i>Statement of financial position</i>			8				
	Ordinary share capital	Statement of changes in equity Statement of financial position	(1) (1)			8			
	Creation of general reserve	Statement of changes in equity Statement of financial position	(1) (1)				8		
	Payment of interim ordinary share dividend on 31 October 2018	Statement of changes in equity	(1)					8	
	Proposed ordinary share dividend at 30 April 2019	No entry	(1)						8
	Debenture interest accrued on 30 April 2019	Income statement Statement of financial position	(1) (1)						
6(b)		true	false	5					
	debenture holders receive interest	✓			5				
	debentures holders receive a variable rate of interest		✓(1)			5			
	debentures are usually included in the non-current liabilities section of the statement of financial position	✓(1)					5		
	debentures have a prior claim in the event of the company being wound up.	✓(1)						5	
	debenture holders are entitled to vote at the annual general meeting		✓(1)						5
	debentures are often secured on the non-current assets of the company	✓(1)							

Question	Answer	Marks																												
6(c)	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	2																												
6(d)	$(27\,400 + 25\,200) : (28\,700 + 10\,800) = 52\,600 : 39\,500$ (1 whole formula) = 1.33 : 1 (1)	2																												
6(e)	$25\,200 : (28\,700 + 10\,800) = 25\,200 : 39\,500$ (1 whole formula) = 0.64 : 1 (1)	2																												
6(f)	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)	2																												
6(g)	<table border="1"> <thead> <tr> <th></th> <th>increase</th> <th>decrease</th> <th>no effect</th> </tr> </thead> <tbody> <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> </tbody> </table>		increase	decrease	no effect	issue additional debentures	✓(1)			pay operating expenses by cheque		✓(1)		sell goods for cash instead of on credit			✓(1)	delay paying credit suppliers			✓(1)	sell unused non-current assets	✓(1)			reduce credit period for credit customers			✓(1)	6
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delay paying credit suppliers			✓(1)																											
sell unused non-current assets	✓(1)																													
reduce credit period for credit customers			✓(1)																											

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