



**Cambridge Assessment International Education**  
Cambridge International General Certificate of Secondary Education

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**ACCOUNTING**

**0452/12**

Paper 1

**May/June 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 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.

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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
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
	<p><b>Glossary</b></p> <p>1(d) A <math>(103\ 650 + 4960 + 130 + 100 + 5120) - (5380 + 240 + 2900)</math>              B counting rent prepaid as asset <math>(103\ 650 + 4960 + 130 + 100 + 5120 + 240) - (5380 + 2900)</math>              C crossing trade payables and trade receivables <math>(103\ 650 + 4960 + 130 + 100 + 5380) - (5120 + 240 + 2900)</math>              D counting overdraft as asset <math>(103\ 650 + 4960 + 130 + 100 + 5120 + 2900) - (5380 + 240)</math></p> <p>1(f) A and C <math>340 - 260</math></p> <p>1(g) A and C <math>2830 - 100 - 45</math>    B and D <math>2830 + 100 - 45</math></p> <p>1(h) A and C <math>(47\ 600 + 12\ 500 - (7500 + 51\ 250))</math>      B and D <math>(47\ 600 + 7500) - (51\ 250 + 12\ 500)</math></p> <p>1(j) A and B <math>(250) - 96 + 183</math>    C and D <math>(250) + 96 - 183</math></p>	

Question	Answer						Marks																																						
2(a)	Payment of annual insurance premium	<i>revenue expenditure</i>				<b>6</b>																																							
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" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th data-bbox="349 715 952 818" style="width: 33%;">transaction</th> <th colspan="3" data-bbox="956 715 1404 818" style="width: 33%;">account(s) debited \$</th> <th colspan="3" data-bbox="1408 715 1957 818" style="width: 33%;">account(s) credited \$</th> </tr> </thead> <tbody> <tr> <td data-bbox="349 821 952 922">Nabil transferred his private motor vehicle, \$18 000 to the business.</td> <td data-bbox="956 821 1196 922">motor vehicles</td> <td data-bbox="1200 821 1330 922" style="text-align: center;">18 000</td> <td data-bbox="1335 821 1404 922" style="text-align: center;">(1)</td> <td data-bbox="1408 821 1630 922">capital</td> <td data-bbox="1635 821 1765 922" style="text-align: center;">18 000</td> <td data-bbox="1769 821 1957 922" style="text-align: center;">(1)</td> </tr> <tr> <td data-bbox="349 925 952 1026">Purchased stationery, \$44, on credit from Tahir.</td> <td data-bbox="956 925 1196 1026">stationery</td> <td data-bbox="1200 925 1330 1026" style="text-align: center;">44</td> <td data-bbox="1335 925 1404 1026" style="text-align: center;">(1)</td> <td data-bbox="1408 925 1630 1026">Tahir</td> <td data-bbox="1635 925 1765 1026" style="text-align: center;">44</td> <td data-bbox="1769 925 1957 1026" style="text-align: center;">(1)</td> </tr> <tr> <td data-bbox="349 1029 952 1129">Paid office cash, \$490, into the business bank account.</td> <td data-bbox="956 1029 1196 1129">bank</td> <td data-bbox="1200 1029 1330 1129" style="text-align: center;">490</td> <td data-bbox="1335 1029 1404 1129" style="text-align: center;">(1)</td> <td data-bbox="1408 1029 1630 1129">cash</td> <td data-bbox="1635 1029 1765 1129" style="text-align: center;">490</td> <td data-bbox="1769 1029 1957 1129" style="text-align: center;">(1)</td> </tr> <tr> <td data-bbox="349 1133 952 1267" rowspan="2">Settled Vijay's account of \$200 by bank transfer after deducting 2% cash discount.</td> <td data-bbox="956 1133 1196 1267" rowspan="2">Vijay</td> <td data-bbox="1200 1133 1330 1267" rowspan="2" style="text-align: center;">200</td> <td data-bbox="1335 1133 1404 1267" rowspan="2" style="text-align: center;">(1)</td> <td data-bbox="1408 1133 1630 1209">bank discount received</td> <td data-bbox="1635 1133 1765 1209" style="text-align: center;">196</td> <td data-bbox="1769 1133 1957 1209" style="text-align: center;">(1)</td> </tr> <tr> <td data-bbox="1408 1212 1630 1267"></td> <td data-bbox="1635 1212 1765 1267" style="text-align: center;">4</td> <td data-bbox="1769 1212 1957 1267" style="text-align: center;">(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	(1)		4	(1)	<b>9</b>
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Question	Answer			Marks
2(c)		debit column	credit column	<b>6</b>
	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	✓		

**Any 2 correct items (1)**

Question	Answer						Marks
3(a)	Hamila Safiya account						<b>6</b>
	Date 2019	Details	\$	Date 2019	Details	\$	
	Feb 1	Balance b/d	(1) 320	Feb 12	Bank	(1) 320	
	16	Sales	(1) 200	24	Cash	(1) 400	
	18	Bank	(1) <u>320</u>	27	Bad debts	(10F) <u>120</u>	
			<u>840</u>			<u>840</u>	
3(b)	Hamila Bad debts account						<b>2</b>
	Date 2019	Details	\$	Date 2019	Details	\$	
	Feb 27	Total to date Safiya	674 (10F) <u>120</u> <u>794</u>	Feb 28	Income statement *	794 (10F) <u>794</u>	

Question	Answer	Marks
3(c)(i)	<p>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). <b>(1)</b></p> <p>Double entry: provision for doubtful debts } debit }<b>(1)</b></p> <p>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 <b>Or</b> This is the amount of provision for doubtful debts required for the following financial year <b>(1)</b></p> <p>Double entry: provision for doubtful debts } credit }<b>(1)</b></p>	4
3(c)(ii)	<p>This is the difference between the opening and closing provision for doubtful debts. <b>(1)</b> This is the surplus provision which is transferred to the income statement. <b>(1)</b> There is a decrease or reduction in provision <b>(1)</b> and this is added to gross profit or additional income <b>(1)</b></p>	2
3(d)	<p>Hamila's profit for the year is shown at a more realistic figure <b>(1)</b> Hamila's trade receivables (current assets) are not overstated <b>(1)</b></p>	2
3(e)	<p>The sales for which Hamila is unlikely to be paid <b>(1)</b> are regarded as an expense of the year in which those sales are made <b>(1)</b> providing for potential losses <b>(1)</b> recognise that some accounts may not be paid <b>(1)</b></p>	2
3(f)	<p>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 <b>Any 2 points (1) each</b></p>	2



Question	Answer	Marks												
4(a)	<p>2 years' depreciation = Year 1 <math>4000 \times 20\% = 800</math>                      2 <math>(4000 - 800) \times 20\% = 640</math></p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">Profit/loss on disposal</td> <td style="text-align: right;">\$</td> </tr> <tr> <td>Cost</td> <td style="text-align: right;">4000 (1)</td> </tr> <tr> <td>Less Depreciation to date (800 (1) + 640 (1))</td> <td style="text-align: right;"><u>1440</u></td> </tr> <tr> <td></td> <td style="text-align: right;">2560</td> </tr> <tr> <td>Less Proceeds of sale</td> <td style="text-align: right;"><u>1900</u></td> </tr> <tr> <td>Loss (on sale) (1)</td> <td style="text-align: right;"><u>660</u> (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	<b>5</b>
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4(c)(i)	$\frac{(8000 - 2000) (1)}{5 \text{ years}} = 1200 (1)$	<b>2</b>												
4(c)(ii)	$20\% \times 8000 = 1600 (1)$	<b>1</b>												

Question	Answer					Marks
4(d)	Sam General Journal					<b>3</b>
	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							<b>10</b>
	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><b>* for entering both items in the appropriate analysis columns</b>  <b>(1) Dates</b>  <b>(1) Totalling analysis columns</b>  <b>(1) Totalling total columns</b></p>							

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

Question	Answer	Marks																																																									
5(b)	To discourage partners from making excessive drawings To 'penalise' the partner who makes high drawings <b>Any 1 reason (1)</b>	<b>1</b>																																																									
5(c)	To compensate for extra workload/responsibilities, running the business, more experience, working or active partner	<b>1</b>																																																									
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>	<b>8</b>
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**(1) Dates**

Question	Answer			Marks
6(a)		financial statement		8
	Wages accrued at 30 April 2019	<i>Income statement</i> <i>Statement of financial position</i>		
	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)	
6(b)		true	false	5
	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)		

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 <b>Or other relevant points</b> <b>Any 2 points (1) each</b>	<b>2</b>																												
6(d)	$(27\,400 + 25\,200) : (28\,700 + 10\,800) = 52\,600 : 39\,500$ <b>(1 whole formula) = 1.33 : 1 (1)</b>	<b>2</b>																												
6(e)	$25\,200 : (28\,700 + 10\,800) = 25\,200 : 39\,500$ <b>(1 whole formula) = 0.64 : 1 (1)</b>	<b>2</b>																												
6(f)	Quick ratio does not include inventory <b>(1)</b> <b>Either</b> Inventory is the least liquid current asset – a buyer has to be found and then the money collected <b>(1)</b> <b>Or</b> 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 <b>(1)</b>	<b>2</b>																												
6(g)	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 60%;"></th> <th style="width: 15%;">increase</th> <th style="width: 15%;">decrease</th> <th style="width: 10%;">no effect</th> </tr> </thead> <tbody> <tr> <td>issue additional debentures</td> <td style="text-align: center;">✓(1)</td> <td></td> <td></td> </tr> <tr> <td>pay operating expenses by cheque</td> <td></td> <td style="text-align: center;">✓(1)</td> <td></td> </tr> <tr> <td>sell goods for cash instead of on credit</td> <td></td> <td></td> <td style="text-align: center;">✓(1)</td> </tr> <tr> <td>delay paying credit suppliers</td> <td></td> <td></td> <td style="text-align: center;">✓(1)</td> </tr> <tr> <td>sell unused non-current assets</td> <td style="text-align: center;">✓(1)</td> <td></td> <td></td> </tr> <tr> <td>reduce credit period for credit customers</td> <td></td> <td></td> <td style="text-align: center;">✓(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)	<b>6</b>
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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 <b>Or other suitable points</b> <b>Any 2 points (1) each</b>	<b>2</b>