Cambridge Assessment International Education
Cambridge International General Certificate of Secondary Education

ACCOUNTING **0452/12**

Paper 1 **October/November 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.

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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.

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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.

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Question	Answer	Marks
1(a)	B	**1**
1(b)	D	**1**
1(c)	A	**1**
1(d)	A	**1**
1(e)	D	**1**
1(f)	C	**1**
1(g)	B	**1**
1(h)	C	**1**
1(i)	C	**1**
1(j)	A	**1**
	Glossary 1(b) A & B 200 – (45 + 194) = 39 C & D 45 + 200 – 194 = 51 1(f) A ½ × (93 000 – 15 000) B ½ × 93 000 C 15 000 + ½ × (93 000 – 15 000) D (½ × 93 000) + 15 000 1(h) A 314 + 181 – 117 – 32 B 314 + 181 – 117 + 32 C 314 + 181 + 117 – 32 D 314 + 181 + 117 + 32 1(j) A (60 units × 16) + (30 units × 7) B (60 units × 19) + (30 units × 7) C 90 units × 16 D 90 units × 19	

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(a)</td><td>
Saleh
Petty Cash Book
<table>
<tr><th>Total received $</th><th>Date 2019</th><th>Details</th><th>Total paid $</th><th>Office expenses $</th><th>Travel $</th><th>Cleaning $</th><th>Ledger accounts $</th></tr>
<tr><td>150</td><td>Aug 1</td><td>Bank</td><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td></td><td>4</td><td>Stationery</td><td>21</td><td>21</td><td></td><td></td><td></td></tr>
<tr><td></td><td>9</td><td>Omar</td><td>57</td><td></td><td></td><td></td><td>57</td></tr>
<tr><td></td><td>14</td><td>Flowers</td><td>10</td><td>10</td><td></td><td></td><td></td></tr>
<tr><td></td><td>20</td><td>Taxi fare</td><td>9</td><td></td><td>9</td><td></td><td></td></tr>
<tr><td></td><td>26</td><td>Tea and coffee</td><td>7</td><td>7</td><td></td><td></td><td></td></tr>
<tr><td></td><td>30</td><td>Cleaner</td><td>30</td><td></td><td></td><td>30</td><td></td></tr>
<tr><td></td><td>31</td><td>Balance c/d</td><td>134</td><td>38</td><td>9</td><td>30</td><td>57</td></tr>
<tr><td></td><td></td><td></td><td>16</td><td></td><td></td><td></td><td></td></tr>
<tr><td>150</td><td></td><td></td><td>150</td><td></td><td></td><td></td><td></td></tr>
<tr><td>16</td><td>2019
Sept 1</td><td>Balance b/d (1)OF</td><td></td><td></td><td></td><td></td><td></td></tr>
</table>
Totalling total columns (1)
Totalling analysis columns (1) OF
Dates (1)
</td><td>10</td></tr>
<tr><td>2(b)(ii)</td><td>$134 (1)OF</td><td>1</td></tr>
</table>

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(b)(ii)</td><td>
<table>
<tr><td>debit</td><td>credit</td></tr>
<tr><td>petty cash (1)</td><td>cash/bank/cash book (1)</td></tr>
</table>
</td><td>2</td></tr>
<tr><td>2(c)</td><td>
Saleh
Office expenses account
<table>
<tr><td>Date
2019
Aug 31</td><td>Details

Petty cash
(1)OF</td><td>$

38</td><td>Date</td><td>Details</td><td>$</td></tr>
</table>
Omar account
<table>
<tr><td>Date
2019
Aug 31</td><td>Details

Petty cash
(1)</td><td>$

57</td><td>Date</td><td>Details</td><td>$</td></tr>
</table>
</td><td>2</td></tr>
</table>

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Question	Answer	Marks
2(d)	Saleh Cash Book (bank columns only)	**4**

Date 2019	Details	$	Date 2019	Details	$
Sept 1	Laila **(1)**	190	*Sept 1*	*Balance b/d*	*944*
	Balance c/d	806		Bank charges **(1)**	22
				Insurance **(1)**	30
		996			996
			2019		
			Sept 1	Balance b/d **(1)OF**	806

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Question	Answer	Marks
2(e)	Saleh Bank Reconciliation Statement at 31 August 2019 Balance in cash book | $ Cheques not yet presented **(1)** (Kalifa 114 + Fatima 175) | (806) **(1)OF** Amounts not yet credited **(1)** | 289 **(1)** Balance on bank statement | (517) (363) **(1)** (880) **(1)OF** **Alternative presentation** Saleh Bank Reconciliation Statement at 31 August 2019 Balance on bank statement | $ Amounts not yet credited **(1)** | (880) **(1)OF** Cheques not yet presented **(1)** (Kalifa 114 + Fatima 175) | 363 **(1)** Balance in cash book | (517) (289) **(1)** (806) **(1)OF**	**6**

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>3(a)</td><td>
<table>
<tr><th>document</th><th>name of person issuing document</th><th>book of prime (original) entry used by Tumelo</th><th>book of prime (original entry) used by Azuel</th></tr>
<tr><td>invoice</td><td>Azuel</td><td>purchases (journal)</td><td>sales (journal)</td></tr>
<tr><td>debit note</td><td>Tumelo</td><td>no entry</td><td>no entry</td></tr>
<tr><td>credit note</td><td>Azuel</td><td>purchases returns (journal)</td><td>sales returns (journal)</td></tr>
</table>
</td><td>9</td></tr>
<tr><td>3(b)(i)</td><td>Statement (of account)</td><td>1</td></tr>
<tr><td>3(b)(ii)</td><td>Azuel</td><td>1</td></tr>
<tr><td>3(b)(iii)</td><td>To remind Tumelo of the amount due
To provide a summary of the transactions for the month
To enable Tumelo to compare his records and check for errors
Or other relevant reason
Any one reason</td><td>1</td></tr>
<tr><td>3(b)(iv)</td><td>Tumelo</td><td>1</td></tr>
<tr><td>3(b)(v)</td><td>$\frac{6}{(294 + 6)} \times \frac{100}{1} = 2\%$</td><td>1</td></tr>
<tr><td>3(b)(vi)</td><td>(300 + 470 – 190 – 294 – 6) = 280</td><td>1</td></tr>
<tr><td>3(b)(vii)</td><td>No transaction has taken place/the statement is a summary of the transactions for the month which are already recorded/not part of double entry</td><td>1</td></tr>
</table>

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>3(c)</td><td>Work can be shared amongst several people
Easier for reference as the same types of account are kept together
Easier to introduce checking procedures
Reduces the possibility of fraud
Helps in locating errors
Or other suitable advantage. Any two advantages (1) each</td><td>2</td></tr>
<tr><td>3(d)</td><td>
<table>
<tr><th>account</th><th>ledger</th></tr>
<tr><td>Tumelo, a credit customer</td><td>sales</td></tr>
<tr><td>sales returns</td><td>nominal (general)</td></tr>
<tr><td>Lerato, a credit supplier</td><td>purchases</td></tr>
<tr><td>purchases</td><td>nominal (general)</td></tr>
<tr><td>carriage inwards</td><td>nominal (general)</td></tr>
</table>
</td><td>5</td></tr>
</table>

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>4(a)</td><td>Gary
General Journal
<table>
<tr><th>Date</th><th>Details</th><th>Debit
$</th><th>Credit
$</th><th></th></tr>
<tr><td>2019
Aug 1</td><td>Bad debts
Ed
Account written off as irrecoverable</td><td>326</td><td>326</td><td>(1)
(1)
(1)</td></tr>
</table></td><td>3</td></tr>
<tr><td>4(b)</td><td>
<table>
<tr><th>Account debited</th><th>Account credited</th></tr>
<tr><td>$
cash 180 (1)
(office) equipment 260</td><td>$
bad debts recovered 440 (1</td></tr>
</table>
[Alternatively accept re-instatement of debt and then entries from Sally account to cash and office equipment accounts]</td><td>3</td></tr>
</table>

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>4(c)</td><td>Gary
Provision for doubtful debts account

<table>
<tr><td>Date
2019
Sept 30</td><td>Details

Balance c/d</td><td>$

950

950</td><td>Date
2018
Oct 1
2019
Sept 30

2019
Oct 1</td><td>Details

Balance b/d

Income statement

Balance b/d</td><td>$

910

40
950

950</td></tr>
</table>

Dates (1)</td><td>5</td></tr>
<tr><td>4(d)</td><td>If the provision for doubtful debts is not maintained –

Not applying principle of prudence
The trade receivables (current assets) will be overstated
Profit for the year will not be realistic
Not applying the principle of accruals (matching)
Sales for which he is unlikely to be paid will not be regarded as an expense of the year in which those sales were made
Not applying the principle of consistency
Should continue to follow the practice of maintaining a provision unless there is a good reason not to do so
Or other valid reasons
Any four reasons (1) each</td><td>4</td></tr>
</table>

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>4(e)</td><td>
<table>
<tr><td rowspan="2">item omitted</td><td colspan="3">effect on profit for the year ended 30 September 2019</td><td colspan="3">effect on current assets at 30 September 2019</td></tr>
<tr><td></td><td>$</td><td></td><td></td><td>$</td><td></td></tr>
<tr><td>bad debts</td><td>overstated</td><td>326</td><td></td><td>overstated</td><td>326</td><td></td></tr>
<tr><td>bad debt recovered</td><td>understated</td><td>440</td><td>(1)</td><td>understated</td><td>180</td><td>(1)</td></tr>
<tr><td>adjustment to provision for doubtful debts</td><td>overstated</td><td>40</td><td>(1)
OF</td><td>overstated</td><td>40</td><td>(1)
OF</td></tr>
</table>
</td><td>4</td></tr>
</table>

Question	Answer	Marks
5(a)	A limited liability company is a legal entity which has a separate identity from its shareholders **(1)** whose liability for the company's debts is limited to the amount they agree to pay for their shares **(1)**	**2**
5(b)	Possibility of raising more capital than a partnership business May be easier to obtain loans than a partnership business/ability to expand the business There is continuity of existence **Or other benefits.** **Any two benefits (1) each**	**2**
5(c)(i)	Called-up share capital is the amount which a company has requested from its shareholders	**1**
5(c)(ii)	Paid-up share capital is that part of the called-up share capital for which a company has actually received money from its shareholders	**1**
5(d)	Ordinary shareholders are members of the company Carry voting rights Ordinary share dividend is a share of the profits Ordinary share dividend is variable Ordinary share dividend is paid after any dividend on preference shares/interest on debentures Ordinary shareholders are repaid **last**/after preference shareholders in the event of a winding-up **Or other valid answers** **Any two features (1) each**	**2**
5(e)	Are (long-term) loans/lenders Debenture holders are not members of the company Do not carry voting rights Carry a fixed rate of interest Interest is not dependent on the profit of the company Are often secured on the assets of the company Debenture holders are repaid before shareholders in a winding-up The debentures rank before ordinary and preference shares in the event of the business winding up. **Or other valid answers** **Any two features (1) each**	**2**

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Question	Answer	Marks
5(f)		**5**

	income statement	statement of changes in equity	no entry
issue of 5% debentures during the year			✓**(1)**
debenture interest relating to the current year paid during the year	✓**(1)**		
final ordinary share dividend relating to the previous financial year paid during the current year		✓**(1)**	
interim ordinary share dividend paid for the current year		✓**(1)**	
proposed ordinary share dividend for the current year			✓**(1)**

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Question	Answer	Marks
6(a)	Pavita Income Statement for the year ended 30 September 2019 Gross profit 40 780 **(1)** Discount received 970 **(1)** 41 750 Wages (27 120 **(1)** + 980 **(1)** – 1000) **(1)** 27 100 Rates and insurance (1700 **(1)** – 180) **(1)** 1520 Operating expenses 3195 **}(1)** Motor expenses 1155 **}** Bad debts 190 **(1)** Depreciation Fixtures and fittings (20% × 12 000) 2400 **(1)** Motor vehicle (20% × (14 400 – 6300)) 2025 **(1)** 37 585 Profit for the year 4165 **(1)OF**	**12**
6(b)	current assets: inventory 8870; trade receivables (8940 – 190) 8750; other receivables 180; 17 800 **(1)** current liabilities: trade payables 10 280; other payables 980; bank overdraft 1230; 12 490 **(1)** working capital 5310 **(1)OF**	**3**

Question	Answer	Marks
6(c)	Introduce further capital in cash/admit a partner Obtain a long term loan Sell any surplus non-current assets Increase profit/reduce expenses/increase selling price Reduce drawings Increase other income **Or other acceptable points** **Any 2 points (1) each**	**2**
6(d)	17 800 : 12 490 **whole formula (1) OF** 1.43 : 1 **(1) OF**	**2**
6(e)	$\frac{\text{trade receivables}}{\text{credit sales}} \times \frac{365}{1}$ **(1) whole formula**	**1**
6(f)	$\frac{8750}{120\,000} \times \frac{365}{1}$ **(1) whole formula** = 27 days **(1)**	**2**
6(g)	Give cash discount for prompt/speedy payment Charge interest on overdue accounts Improve credit control/issue invoice or statements promptly Refuse further supplies until outstanding balance paid Invoice discounting and debt factoring **Any 1 point (1)**	**1**
6(h)	$\frac{\text{trade payables}}{\text{credit purchases}} \times \frac{365}{1}$ **(1) whole formula**	**1**
6(i)	$\frac{10\,280}{88\,100} \times \frac{365}{1}$ **(1) whole formula** = 43 days **(1)**	**2**
6(j)	Unsatisfied **(1) OF** Pavita is paying her accounts 13 days after the period of credit allowed **(1) OF**	**2**

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