Cambridge Assessment International Education
Cambridge International General Certificate of Secondary Education

ACCOUNTING **0452/12**

Paper 1 **October/November 2018**

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 October/November 2018 series for most Cambridge IGCSE™, Cambridge International A and AS Level components and some Cambridge O Level components.

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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
	Glossary **(d)** A 10 000 × 0.15 B 10 000 × (0.4–0.15) C 10 000 × (1–0.4) D 10 000 × (1–0.15) **(e)** A 48 700–29 100–8000 B 48 700–8000 C 67 400+48 700–29 100–8000 D 67 400+48 700–8000 **(h)** A 1750+858 B 1750+924 C 1850+858 D 1850+924	
1(a)	D	**1**
1(b)	B	**1**
1(c)	D	**1**
1(d)	B	**1**
1(e)	D	**1**
1(f)	A	**1**
1(g)	C	**1**
1(h)	A	**1**
1(i)	C	**1**
1(j)	B	**1**

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(a)</td><td>Jennifer
Journal

<table>
<tr><td>Date 2018</td><td></td><td>Debit
$</td><td>Credit
$</td></tr>
<tr><td>Jun 1</td><td>Delivery van/Motor vehicles</td><td>15 000</td><td rowspan="2">} (1) both</td></tr>
<tr><td></td><td>Fixtures and fittings</td><td>2 700</td></tr>
<tr><td></td><td>Inventory</td><td>6 200</td><td rowspan="2">} (1) both</td></tr>
<tr><td></td><td>Cash</td><td>1 500</td></tr>
<tr><td></td><td>Loan from Amina</td><td></td><td>5 000 (1)</td></tr>
<tr><td></td><td>Capital</td><td></td><td>20 400 (1)</td></tr>
<tr><td></td><td></td><td>25 400</td><td>25 400</td></tr>
<tr><td></td><td>Assets, liabilities and capital at the start of the business (1)</td><td></td><td></td></tr>
</table></td><td>5</td></tr>
<tr><td>2(b)</td><td>Useful because it may be necessary to recall the reasons/it can involve non-regular transactions/can contain a reference to any prime documents.
(1 mark for any acceptable purpose)</td><td>1</td></tr>
</table>

Question	Answer	Marks
2(c)	Purchase/sale of non-current assets on credit Non-regular transactions not recorded in any other book of prime entry Correction of errors Year end transfers **(1 mark per use – maximum 2)**	**2**
2(d)	2 October 2018 Purchased office equipment **(1)**, for cash **(1)** 3 October 2018 Purchased motor vehicle **(1)**, on credit **(1)** 4 October 2018 Took drawings **(1)**, in cash **(1)**	**6**
2(e)	Duality	**1**
2(f)(i)	What the business owns and what is owed to the business	**1**
2(f)(ii)	What the business owes	**1**
2(f)(iii)	Resources provided by the owner of the business/what the business owes to the owner of the business	**1**
2(g)	Statement of the assets, liabilities, capital **(1)** of the business on a certain date **(1)**	**2**

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>3(a)</td><td>Saul
Corrected Trial Balance at 31 March 2018

<table>
<tr><td></td><td>Debit
$</td><td>Credit
$</td></tr>
<tr><td>Motor vehicle at net book value</td><td>38 000</td><td></td></tr>
<tr><td>Revenue</td><td></td><td>109 000 (1)</td></tr>
<tr><td>Purchases</td><td>80 230 (1)</td><td></td></tr>
<tr><td>Inventory</td><td>5 100 (1)</td><td></td></tr>
<tr><td>Bank overdraft</td><td></td><td>13 900 (1)</td></tr>
<tr><td>Cash in hand</td><td>1 500</td><td></td></tr>
<tr><td>Drawings</td><td>6 500 (1)</td><td></td></tr>
<tr><td>Discount allowed</td><td>720 (1)</td><td></td></tr>
<tr><td>Other operating expenses</td><td>9 350</td><td></td></tr>
<tr><td>Wages and salaries</td><td>16 500</td><td></td></tr>
<tr><td>Capital</td><td></td><td>35 000</td></tr>
<tr><td>1 OF if matching totals</td><td>157 900</td><td>157 900</td></tr>
</table></td><td>7</td></tr>
<tr><td>3(b)</td><td>A book in which transactions are recorded before being entered in the ledger.
Or books used to record information from source documents</td><td>1</td></tr>
</table>

Question	Answer	Marks
3(c)		**5**

	Book of prime (original) entry
Purchases	*Purchases journal*
Cash and cheques received from credit customers	Cash book **(1)**
Bad debts written off	(General) journal **(1)**
Discount received from credit suppliers	Cash book **(1)**
Sales returns	Sales returns journal **(1)**
Interest charged by credit suppliers	(General) journal **(1)**

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Question	Answer	Marks
3(d)	Saul Sales ledger control account	**10**

Date 2018	Details		$	Date 2018	Details		$
Jun 1	Balance b/d*		16 420	Jun 1	Balance b/d*		390
Jun 30	Sales	**(1)**	39 800	Jun 30	Sales Returns	**(1)**	2 700
	Interest charged	**(1)**	175		Bank/cash	**(1)**	36 350
	Balance c/d		200		Discount allowed	**(1) OF**	570
					Bad debt	**(1)**	340
					Contra/PLCA/set off	**(1)**	760
					Balance c/d		15 485
			56 595				56 595
Jul 1	Balance b/d	**(1)**	15 485	Jul 1	Balance b/d	**(1)**	200

*** 1 mark for both opening balances.**

Question	Answer	Marks
3(e)	Helps to prove the arithmetical accuracy of sales ledger Helps to reduce fraud Can (assist in) locating errors, allow help, identify errors Easy access to total receivables figure Quicker production of financial statements Provides a summary of transactions relating to trade receivables **(1 mark per benefit, maximum 2)**	**2**

Question	Answer	Marks
4(a)		**5**

	Capital expenditure	Revenue expenditure	Capital receipt	Revenue receipt
Motor vehicle repairs		✓		
Legal fees on purchase of office building	✓ **(1)**			
Purchase of goods for resale		✓ **(1)**		
Insurance of plant and equipment		✓ **(1)**		
Proceeds of sale of fixtures at net book value			✓ **(1)**	
Discount received from supplier				✓ **(1)**

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>4(b)</td><td>
<table>
<tr><td></td><td>Increase</td><td>Decrease</td></tr>
<tr><td>Plant and equipment</td><td>✓ (1)</td><td></td></tr>
<tr><td>Motor vehicle</td><td></td><td>✓ (1)</td></tr>
</table>
</td><td>2</td></tr>
<tr><td>4(c)</td><td>
Ahmed
Statement of corrected gross profit for the year ended 30 September 2018
<table>
<tr><td></td><td>Increase
$</td><td></td><td>Decrease
$</td><td></td><td>$</td><td></td></tr>
<tr><td>Draft gross profit</td><td></td><td></td><td></td><td></td><td>24 200</td><td></td></tr>
<tr><td>Disposal proceeds</td><td></td><td></td><td>2 600</td><td>(1)</td><td></td><td></td></tr>
<tr><td>Capital expenditure</td><td>15 000</td><td>(1)</td><td></td><td></td><td></td><td></td></tr>
<tr><td></td><td>15 000</td><td></td><td>2 600</td><td></td><td>12 400</td><td></td></tr>
<tr><td>Corrected gross profit</td><td></td><td></td><td></td><td></td><td>36 600</td><td>(1) OF</td></tr>
</table>
</td><td>3</td></tr>
</table>

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>4(d)</td><td>Khalid
Provision for depreciation account for office equipment

<table>
<tr><td>Date
2018
Mar 31</td><td>Details

Disposal (1)
Balance c/d</td><td>$

300
5 300
5 600</td><td>Date
2017
Apr 1
2018
Mar 31

Apr1</td><td>Details

Balance b/d

Income Statement *

Balance b/d (1) OF</td><td>$

3 600

2 000
5 600
5 300</td></tr>
</table>
* 2 500 × 0.2 = 500 (1)
* (9 000 – 1 500) × 0.2 = 1 500 (1)
+ 1 dates</td><td>5</td></tr>
<tr><td>4(e)</td><td>Khalid
Office equipment disposal account

<table>
<tr><td>Date
2018
Mar 31</td><td>Details

Office equipment (1)</td><td>$

1 500
1 500</td><td>Date
2018
Mar 31</td><td>Details

Provision for depreciation
Bank
Income Statement</td><td>

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

300
1 100
100
1 500</td></tr>
</table></td><td>4</td></tr>
</table>

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>4(f)</td><td>Khalid
Extract from Statement of Financial Position at 31 March 2018
<table><tr><td></td><td>$</td><td>$</td><td>$</td></tr><tr><td></td><td>Cost</td><td>Accumulated depreciation</td><td>Net book value</td></tr><tr><td>Office equipment</td><td>10 000 (1)</td><td>5 300 (1)OF</td><td>4 700 (1)OF</td></tr></table></td><td>3</td></tr>
<tr><td>4(g)</td><td>Accruals (matching), Prudence</td><td>1</td></tr>
</table>

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>5(a)</td><td><table><tr><td></td><td>Direct material</td><td>Direct labour</td><td>Factory overhead</td></tr><tr><td>Purchase of plastic toy parts</td><td>✓</td><td></td><td></td></tr><tr><td>Rent of factory</td><td></td><td></td><td>✓ (1)</td></tr><tr><td>Wages of machine operator</td><td></td><td>✓ (1)</td><td></td></tr><tr><td>Purchase of packaging</td><td>✓ (1)</td><td></td><td></td></tr><tr><td>Wages of supervisor</td><td></td><td></td><td>✓ (1)</td></tr></table></td><td>4</td></tr>
<tr><td>5(b)</td><td>Total of direct materials plus direct labour (1) plus direct expenses/royalties (1)</td><td>2</td></tr>
</table>

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Question	Answer	Marks
5(c)	TP Limited Manufacturing Account for the year ended 31 May 2018 $ $ Cost of raw materials used Opening inventory 18 000 Purchases 323 000 341 000 Less: Closing inventory 22 100 318 900 **(1)** Factory wages 98 000 **(1)** Prime cost 416 900 **(1)** Factory overheads 125 000 **(1)** 541 900 Opening work in progress 5 750 547 650 Closing work in progress **(1)** (6 820) Production cost of goods completed 540 830 **(1)OF**	**6**

Question	Answer	Marks
5(d)	TP Limited Income Statement (Trading Account section) for the year ended 31 May 2018 $ $ Revenue 836 000 Less: cost of sales Opening inventory finished goods 27 200 * Production cost 540 830 **(1) OF** Purchases of finished goods 28 900 **(1)** 596 930 Closing inventory finished goods (30 100) ***(1)** (566 830) Gross profit 269 170 **(1) OF** *** for both inventories**	**4**

Question	Answer	Marks
5(e)	Cheaper to buy than make Cannot manufacture those particular items themselves Production cannot keep up with demand **1 mark per point – maximum 2**	**2**
5(f)	Prudence or Accruals (matching)	**1**
5(g)	Lower sales activity/no reference to selling price Higher levels of inventory Cost of sales is decreased Cheaper suppliers **(or other acceptable reason)** **1 mark per point - maximum 2**	**2**
5(h)	Different type of goods Food is a necessity Food sells quicker than toys Food must be sold more quickly Food might spoil **(or other acceptable reason)** **1 mark per point - maximum 2**	**2**

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Question	Answer				Marks
6(a)		$	$		**4**
	Café receipts		4 145	**(1)**	
	Less: cost of sales				
	Opening inventory	200			
	Purchases	2 300			
		2 500			
	Closing inventory	(185)	(2 315)	**(1)**	
	Gross profit		1 830		
	Wages		(1 800)	**(1)**	
	Café profit		30	**(1)OF**	
	Any format acceptable				

Question	Answer				Marks
6(b)	CC Club Income and Expenditure Account for the year ended 30 September 2018				**9**
		$	$		
	Subscriptions 24 500–750 **(1)** +650 **(1)**		24 400		
	Café profit		30	**(1) OF**	
	Competition entry fees	1 550			
	Cost of prizes	(500)	1 050	**(1)**	
			25 480		
	Rent (4 000–500)		3 500	**(1)**	
	General expenses (6 870+320)		7 190	**(1)**	
	Wages		6 900		
	Depreciation on sports equipment		8 250		
	37 400+7 600 **(1)** –36 750 **(1)**		(25 840)		
	Deficit for the year		360	**(1) OF**	

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>6(c)</td><td>
<table>
<tr><td>Receipts and payments account</td><td>Income and expenditure account</td></tr>
<tr><td>Shows opening and closing bank balance</td><td>Shows surplus and deficit for the year</td></tr>
<tr><td>Makes no adjustment for accruals and prepayments</td><td>Makes adjustment for accruals and prepayments</td></tr>
<tr><td>Does not include non-cash items</td><td>Includes non-cash items</td></tr>
<tr><td>Includes capital and revenue items</td><td>Includes only revenue items</td></tr>
</table>
1 mark for each difference – maximum 3
</td><td>3</td></tr>
<tr><td>6(d)</td><td>Increase selling prices
Find cheaper suppliers/obtain discounts
Change the mix of sales
Reduce expenses
Reduce wages
Buy cheaper products
(or other acceptable suggestions)
1 mark for each suggestion – maximum 3</td><td>3</td></tr>
</table>

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