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**ACCOUNTING**

**0452/12**

Paper 1

**October/November 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 October/November 2019 series for most Cambridge IGCSE™, Cambridge International A and AS Level components and some Cambridge O Level components.

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This document consists of **17** printed pages.

**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)	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
	<p>Glossary</p> <p>1(b) A &amp; B <math>200 - (45 + 194) = 39</math>    C &amp; D <math>45 + 200 - 194 = 51</math></p> <p>1(f) A <math>\frac{1}{2} \times (93\,000 - 15\,000)</math>    B <math>\frac{1}{2} \times 93\,000</math>    C <math>15\,000 + \frac{1}{2} \times (93\,000 - 15\,000)</math>    D <math>(\frac{1}{2} \times 93\,000) + 15\,000</math></p> <p>1(h) A <math>314 + 181 - 117 - 32</math>  B <math>314 + 181 - 117 + 32</math>    C <math>314 + 181 + 117 - 32</math>    D <math>314 + 181 + 117 + 32</math></p> <p>1(j) A <math>(60 \text{ units} \times 16) + (30 \text{ units} \times 7)</math>  B <math>(60 \text{ units} \times 19) + (30 \text{ units} \times 7)</math>  C <math>90 \text{ units} \times 16</math>  D <math>90 \text{ units} \times 19</math></p>	

Question	Answer							Marks																																																																																														
2(a)	<p style="text-align: center;">Saleh Petty Cash Book</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 10%;">Total received \$</th> <th style="width: 10%;">Date 2019</th> <th style="width: 30%;">Details</th> <th style="width: 10%;">Total paid \$</th> <th style="width: 10%;">Office expenses \$</th> <th style="width: 10%;">Travel \$</th> <th style="width: 10%;">Cleaning \$</th> <th style="width: 10%;">Ledger accounts \$</th> </tr> </thead> <tbody> <tr> <td rowspan="6" style="text-align: center; vertical-align: middle;">150</td> <td rowspan="6" style="text-align: center; vertical-align: middle;">Aug 1 4 9 14 20 26 30</td> <td>Bank</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Stationery</td> <td style="text-align: right;">21</td> <td style="text-align: right;">21</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Omar</td> <td style="text-align: right;">57</td> <td></td> <td></td> <td></td> <td style="text-align: right;">57</td> </tr> <tr> <td>Flowers</td> <td style="text-align: right;">10</td> <td style="text-align: right;">10</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Taxi fare</td> <td style="text-align: right;">9</td> <td></td> <td style="text-align: center;">9</td> <td></td> <td></td> </tr> <tr> <td>Tea and coffee</td> <td style="text-align: right;">7</td> <td style="text-align: right;">7</td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td>30</td> <td>Cleaner</td> <td style="text-align: right;">30</td> <td></td> <td></td> <td style="text-align: center;">30</td> <td></td> </tr> <tr> <td></td> <td>31</td> <td>Balance c/d</td> <td style="text-align: right;">134</td> <td style="text-align: right;">38</td> <td style="text-align: center;">9</td> <td style="text-align: center;">30</td> <td style="text-align: right;">57</td> </tr> <tr> <td></td> <td></td> <td></td> <td style="text-align: right;">16</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td style="text-align: center;">150</td> <td></td> <td></td> <td style="text-align: right;">150</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td style="text-align: center;">16</td> <td style="text-align: center;">2019 Sept 1</td> <td>Balance b/d <b>(1)OF</b></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table> <p><b>Totalling total columns (1)</b> <b>Totalling analysis columns (1) OF</b> <b>Dates (1)</b></p>							Total received \$	Date 2019	Details	Total paid \$	Office expenses \$	Travel \$	Cleaning \$	Ledger accounts \$	150	Aug 1 4 9 14 20 26 30	Bank						Stationery	21	21				Omar	57				57	Flowers	10	10				Taxi fare	9		9			Tea and coffee	7	7					30	Cleaner	30			30			31	Balance c/d	134	38	9	30	57				16					150			150													16	2019 Sept 1	Balance b/d <b>(1)OF</b>						<b>10</b>
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Question	Answer				Marks
3(a)	document	name of person issuing document	book of prime (original) entry used by Tumelo	book of prime (original entry) used by Azuel	<b>9</b>
	invoice	Azuel	purchases (journal)	sales (journal)	
	debit note	Tumelo	no entry	no entry	
	credit note	Azuel	purchases returns (journal)	sales returns (journal)	
3(b)(i)	Statement (of account)				<b>1</b>
3(b)(ii)	Azuel				<b>1</b>
3(b)(iii)	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 <b>Or other relevant reason</b> <b>Any one reason</b>				<b>1</b>
3(b)(iv)	Tumelo				<b>1</b>
3(b)(v)	$\frac{6}{(294 + 6) \ 1} \times 100 = 2\%$				<b>1</b>
3(b)(vi)	$(300 + 470 - 190 - 294 - 6) = 280$				<b>1</b>
3(b)(vii)	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				<b>1</b>

Question	Answer	Marks												
3(c)	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 <b>Or other suitable advantage. Any two advantages (1) each</b>	<b>2</b>												
3(d)	<table border="1" data-bbox="309 485 1158 877"> <thead> <tr> <th data-bbox="309 485 734 549">account</th> <th data-bbox="734 485 1158 549">ledger</th> </tr> </thead> <tbody> <tr> <td data-bbox="309 549 734 612">Tumelo, a credit customer</td> <td data-bbox="734 549 1158 612">sales</td> </tr> <tr> <td data-bbox="309 612 734 676">sales returns</td> <td data-bbox="734 612 1158 676">nominal (general)</td> </tr> <tr> <td data-bbox="309 676 734 740">Lerato, a credit supplier</td> <td data-bbox="734 676 1158 740">purchases</td> </tr> <tr> <td data-bbox="309 740 734 804">purchases</td> <td data-bbox="734 740 1158 804">nominal (general)</td> </tr> <tr> <td data-bbox="309 804 734 877">carriage inwards</td> <td data-bbox="734 804 1158 877">nominal (general)</td> </tr> </tbody> </table>	account	ledger	Tumelo, a credit customer	sales	sales returns	nominal (general)	Lerato, a credit supplier	purchases	purchases	nominal (general)	carriage inwards	nominal (general)	<b>5</b>
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4(a)	<p style="text-align: center;">Gary General Journal</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 15%;">Date</th> <th style="width: 40%;">Details</th> <th style="width: 15%;">Debit \$</th> <th style="width: 15%;">Credit \$</th> <th style="width: 15%;"></th> </tr> </thead> <tbody> <tr> <td>2019 Aug 1</td> <td>Bad debts Ed Account written off as irrecoverable</td> <td style="text-align: center;">326</td> <td style="text-align: center;">326</td> <td style="text-align: center;">(1) (1) (1)</td> </tr> </tbody> </table>					Date	Details	Debit \$	Credit \$		2019 Aug 1	Bad debts Ed Account written off as irrecoverable	326	326	(1) (1) (1)	<b>3</b>														
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4(b)	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="3" style="width: 50%;">Account debited</th> <th colspan="3" style="width: 50%;">Account credited</th> </tr> </thead> <tbody> <tr> <td style="width: 30%;"></td> <td style="width: 10%; text-align: center;">\$</td> <td style="width: 10%;"></td> <td style="width: 30%;"></td> <td style="width: 10%; text-align: center;">\$</td> <td style="width: 10%;"></td> </tr> <tr> <td>cash</td> <td style="text-align: right;">180</td> <td style="text-align: right;">(1)</td> <td>bad debts recovered</td> <td style="text-align: right;">440</td> <td style="text-align: right;">(1)</td> </tr> <tr> <td>(office) equipment</td> <td style="text-align: right;">260</td> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table> <p>[Alternatively accept re-instatement of debt and then entries from Sally account to cash and office equipment accounts]</p>					Account debited			Account credited				\$			\$		cash	180	(1)	bad debts recovered	440	(1)	(office) equipment	260					<b>3</b>
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4(c)	<p style="text-align: center;">Gary Provision for doubtful debts account</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 15%;">Date</th> <th style="width: 25%;">Details</th> <th style="width: 10%;">\$</th> <th style="width: 15%;">Date</th> <th style="width: 25%;">Details</th> <th style="width: 10%;">\$</th> </tr> </thead> <tbody> <tr> <td>2019 Sept 30</td> <td>Balance c/d</td> <td style="text-align: right;">950</td> <td>2018 Oct 1</td> <td>Balance b/d</td> <td style="text-align: right;">910</td> </tr> <tr> <td></td> <td></td> <td></td> <td>2019 Sept 30</td> <td>Income statement</td> <td style="text-align: right;"><u>40</u></td> </tr> <tr> <td></td> <td></td> <td style="text-align: right;"><u>950</u></td> <td></td> <td></td> <td style="text-align: right;"><u>950</u></td> </tr> <tr> <td></td> <td></td> <td></td> <td>2019 Oct 1</td> <td>Balance b/d</td> <td style="text-align: right;">950</td> </tr> </tbody> </table> <p><b>Dates (1)</b></p>	Date	Details	\$	Date	Details	\$	2019 Sept 30	Balance c/d	950	2018 Oct 1	Balance b/d	910				2019 Sept 30	Income statement	<u>40</u>			<u>950</u>			<u>950</u>				2019 Oct 1	Balance b/d	950	<b>5</b>
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4(d)	<p>If the provision for doubtful debts is not maintained –</p> <p>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</p> <p><b>Or other valid reasons</b> <b>Any four reasons (1) each</b></p>	<b>4</b>																														

Question	Answer						Marks	
4(e)	item omitted	effect on profit for the year ended 30 September 2019			effect on current assets at 30 September 2019			<b>4</b>
			\$			\$		
	bad debts	<i>overstated</i>	326		<i>overstated</i>	326		
	bad debt recovered	understated	440	<b>(1)</b>	understated	180	<b>(1)</b>	
	adjustment to provision for doubtful debts	overstated	40	<b>(1) OF</b>	overstated	40	<b>(1) OF</b>	

Question	Answer	Marks
5(a)	A limited liability company is a legal entity which has a separate identity from its shareholders <b>(1)</b> whose liability for the company's debts is limited to the amount they agree to pay for their shares <b>(1)</b>	<b>2</b>
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 <b>Or other benefits.</b> <b>Any two benefits (1) each</b>	<b>2</b>
5(c)(i)	Called-up share capital is the amount which a company has requested from its shareholders	<b>1</b>
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	<b>1</b>
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 <b>last</b> /after preference shareholders in the event of a winding-up <b>Or other valid answers</b> <b>Any two features (1) each</b>	<b>2</b>
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. <b>Or other valid answers</b> <b>Any two features (1) each</b>	<b>2</b>

Question	Answer				Marks
5(f)		income statement	statement of changes in equity	no entry	<b>5</b>
	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)	

Question	Answer	Marks																																							
6(a)	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="3" style="text-align: center;">Pavita Income Statement for the year ended 30 September 2019</th> </tr> <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>Gross profit</td> <td></td> <td style="text-align: right;">40 780 (1)</td> </tr> <tr> <td>Discount received</td> <td></td> <td style="text-align: right;"><u>970 (1)</u></td> </tr> <tr> <td></td> <td></td> <td style="text-align: right;">41 750</td> </tr> <tr> <td>Wages (27 120 (1) + 980 (1) – 1000) (1)</td> <td style="text-align: right;">27 100</td> <td></td> </tr> <tr> <td>Rates and insurance (1700 (1) – 180) (1)</td> <td style="text-align: right;">1520</td> <td></td> </tr> <tr> <td>Operating expenses</td> <td style="text-align: right;">3195 (1)</td> <td></td> </tr> <tr> <td>Motor expenses</td> <td style="text-align: right;">1155 }</td> <td></td> </tr> <tr> <td>Bad debts</td> <td style="text-align: right;">190 (1)</td> <td></td> </tr> <tr> <td>Depreciation Fixtures and fittings (20% × 12 000)</td> <td style="text-align: right;">2400 (1)</td> <td></td> </tr> <tr> <td style="padding-left: 20px;">Motor vehicle (20% × (14 400 – 6300))</td> <td style="text-align: right;"><u>2025 (1)</u></td> <td style="text-align: right;"><u>37 585</u></td> </tr> <tr> <td>Profit for the year</td> <td></td> <td style="text-align: right;"><u>4165 (1)OF</u></td> </tr> </tbody> </table>	Pavita Income Statement for the year ended 30 September 2019				\$	\$	Gross profit		40 780 (1)	Discount received		<u>970 (1)</u>			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))	<u>2025 (1)</u>	<u>37 585</u>	Profit for the year		<u>4165 (1)OF</u>	<b>12</b>
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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 <b>Or other acceptable points</b> <b>Any 2 points (1) each</b>	2
6(d)	17 800 : 12 490 <b>whole formula (1) OF</b> 1.43 : 1 <b>(1) OF</b>	2
6(e)	$\frac{\text{trade receivables}}{\text{credit sales}} \times \frac{365}{1} \text{ (1) whole formula}$	1
6(f)	$\frac{8750}{120\,000} \times \frac{365}{1} \text{ (1) whole formula} = 27 \text{ days (1)}$	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 <b>Any 1 point (1)</b>	1
6(h)	$\frac{\text{trade payables}}{\text{credit purchases}} \times \frac{365}{1} \text{ (1) whole formula}$	1
6(i)	$\frac{10\,280}{88\,100} \times \frac{365}{1} \text{ (1) whole formula} = 43 \text{ days (1)}$	2
6(j)	Unsatisfied <b>(1) OF</b> Pavita is paying her accounts 13 days after the period of credit allowed <b>(1) OF</b>	2