



Cambridge IGCSE™

ACCOUNTING

0452/12

Paper 1 Multiple Choice

February/March 2021

1 hour 15 minutes

You must answer on the multiple choice answer sheet.

You will need: Multiple choice answer sheet
Soft clean eraser
Soft pencil (type B or HB is recommended)

INSTRUCTIONS

- There are **thirty-five** questions on this paper. Answer **all** questions.
- For each question there are four possible answers **A**, **B**, **C** and **D**. Choose the **one** you consider correct and record your choice in soft pencil on the multiple choice answer sheet.
- Follow the instructions on the multiple choice answer sheet.
- Write in soft pencil.
- Write your name, centre number and candidate number on the multiple choice answer sheet in the spaces provided unless this has been done for you.
- Do **not** use correction fluid.
- Do **not** write on any bar codes.
- You may use a calculator.

INFORMATION

- The total mark for this paper is 35.
- Each correct answer will score one mark.
- Any rough working should be done on this question paper.

This document has **16** pages. Any blank pages are indicated.



- 1 A business employs a book-keeper and an accountant.

Which task would the accountant perform?

- BK** A extracting balances from the ledger accounts to produce a trial balance
BK B making entries in the general journal to adjust a provision for doubtful debts
Acc C preparing a monthly report that analyses the profitability of the company
BK D recording sales and purchase invoices in the books of prime entry

BK
 J
 L → SL
 T/B PL
 T/B HL
Acc
 I/S ✓
 P & F P
 }
 DRS
 CA ✓
 SLIA
 PLIA
 Bus Doc
 Book of Prim
 ent

- 2 What are assets?

| | amounts owed to a business | amounts owed by a business | items owned by a business |
|----------|----------------------------|----------------------------|---------------------------|
| A | no | no | yes |
| B | no | yes | yes |
| C | yes | no | yes |
| D | yes | yes | no |

- 3 On 15 February, Kalou made the following entries in his accounts.

| debit | \$ | credit | \$ |
|------------------|-----|---------|-----|
| bank | 228 | Droghba | 240 |
| discount allowed | 12 | | |

Which transaction was being recorded?

- A** Droghba paid Kalou by cheque after taking a cash discount.
B Droghba paid Kalou by cheque after taking a trade discount.
C Kalou paid Droghba by cheque after taking a cash discount.
D Kalou paid Droghba by cheque after taking a trade discount.

- 4 Jai is a manufacturer. On 1 February he purchased a machine costing \$15 000 from Vinita. He paid \$10 000 immediately with a cheque from his personal bank account. The balance was to be paid in June.

Which entries did Jai make on 1 February?

| | accounts debited | \$ | accounts credited | \$ |
|----------|------------------|--------|-------------------|--------|
| A | machinery | 10 000 | bank | 10 000 |
| B | machinery | 10 000 | capital | 10 000 |
| C | machinery | 15 000 | bank | 10 000 |
| | | | Vinita | 5 000 |
| D | machinery | 15 000 | capital | 10 000 |
| | | | Vinita | 5 000 |

- 5 Jameel's financial year ends on 31 December. On 1 January 2021 he brought down a debit balance on his stationery account.

What does this balance represent?

- A** amount owing for stationery on 1 January 2021
B amount paid for stationery during 2020
C cost of stationery used during 2020
D inventory of stationery on 1 January 2021

- 6 Daksha returned goods to Amina.

Which entries did Daksha make in her books?

| | debit entry | | credit entry | |
|----------|-------------------|-----------|-------------------|-----------|
| | account | ledger | account | ledger |
| A | Amina | general | purchases returns | purchases |
| B | Amina | purchases | purchases returns | general |
| C | purchases returns | general | Amina | purchases |
| D | purchases returns | purchases | Amina | general |

- 7 Which book of prime entry is written up from the copies of credit notes issued by a trader?
- A** purchases journal
B purchases returns journal
C sales journal
D sales returns journal

8 Which transaction is recorded in the general journal?

- A correction of an error in recording sales returns
- B drawings in cash by the owner
- C purchase of a motor vehicle by cheque
- D purchase of goods on credit

9 Raminder maintains a petty cash book using the imprest system. The monthly imprest of \$250 is restored on the first day of each month.

In January the petty cashier spent \$105 and received a refund of \$15 from a stationery supplier.

How much was given to the petty cashier on 1 February to restore the imprest?

- A \$90
- B \$105
- C \$145
- D \$160

10 The totals of a trial balance failed to agree. The total of the credit column was \$10 000. Two errors were later found.

The sales journal had been overcast by \$100.

Goods sold to Sarah on credit for \$200 had been incorrectly debited to Zara.

What was the total of the debit column of the trial balance?

- A \$9700
- B \$9900
- C \$10 100
- D \$10 300

11 On 31 December 2020, the bank column in Farad's cash book showed an overdrawn balance of \$2000.

The following items had not been entered in the cash book.

| | \$ |
|--------------------------------|------|
| standing order for rent | 200 |
| interest on bank overdraft | 50 |
| credit transfer from X Limited | 2900 |

What was the corrected balance of the bank column in the cash book at 1 January 2021?

- A \$650 credit
- B \$650 debit
- C \$1150 credit
- D \$1150 debit

- 12 Raj is both a customer of and a supplier to Balbir.

Raj's account in Balbir's sales ledger showed a debit balance of \$300. There was a credit balance of \$100 on Raj's account in the purchases ledger. A contra entry between the two accounts was agreed.

Which entry would Balbir make in his purchases ledger control account?

- A credit \$100
- B credit \$200
- C debit \$100
- D debit \$200

- 13 Motor vehicle repairs, \$2000, were debited to the motor vehicles account.

Motor vehicles are depreciated at 20% per annum on the balance of the account at the year end.

What was the **effect** of the error?

| | effect on profit for the year | | effect on motor vehicles in statement of financial position | |
|----------|----------------------------------|------|---|------|
| | | \$ | | \$ |
| A | overstated | 1600 | overstated | 1600 |
| B | overstated | 2000 | overstated | 2000 |
| C | understated | 1600 | understated | 1600 |
| D | understated | 2000 | understated | 2000 |

- 14 Mandeep depreciates his motor vehicles at the rate of 20% using the straight-line method.

A full year's depreciation is provided in the year of purchase.

Mandeep bought a motor vehicle on 1 January 2017 for \$20 000. On 1 June 2020 he bought a second motor vehicle for \$10 000.

What was the depreciation charge on motor vehicles for the year ended 31 December 2020?

- A** \$2000
- B** \$4000
- C** \$5000
- D** \$6000

15 The following ledger account appeared in the books of a trader.

| Rates account | | | | | |
|---------------|-------------|-------------|--------|------------------|-------------|
| | | \$ | | | \$ |
| Jan 1 | Balance b/d | 240 | Dec 31 | Income statement | 2880 |
| June 30 | Bank | 2160 | | | |
| Dec 31 | Balance c/d | 480 | | | |
| | | <u>2880</u> | | | <u>2880</u> |

Which statement is correct?

- A Rates are accrued at both the start and the end of the year.
- B Rates are accrued at the start of the year and prepaid at the end of the year.
- C Rates are prepaid at both the start and the end of the year.
- D Rates are prepaid at the start of the year and accrued at the end of the year.

16 A book-keeper made the following ledger entry.

| | |
|-----------------|------------------|
| account debited | account credited |
| bank | debts recovered |

Which transaction has been recorded?

- A A credit customer has paid his account by the due date.
- B A late payment has been received for a debt not yet written off.
- C A payment has been received for a debt that had been written off.
- D An irrecoverable debt has been written off.

17 The following accounts appeared in the ledger of Delta Limited.

| Total trade receivables account | | | | | |
|---------------------------------|-------------|----------------|--------|-------------|----------------|
| | | \$ | | | \$ |
| Jan 1 | Balance b/d | 30 000 | Dec 31 | Bank | 109 000 |
| Dec 31 | Sales | 101 000 | | Balance c/d | 22 000 |
| | | <u>131 000</u> | | | <u>131 000</u> |

| Provision for doubtful debts account | | | | | |
|--------------------------------------|------------------|--------------|-------|-------------|--------------|
| | | \$ | | | \$ |
| Dec 31 | Income statement | 100 | Jan 1 | Balance b/d | 1 200 |
| | Balance c/d | 1 100 | | | |
| | | <u>1 200</u> | | | <u>1 200</u> |

How had the **total** of trade receivables and the **rate** of provision for doubtful debts changed by the end of the year?

| | total of trade receivables | rate of provision for doubtful debts |
|----------|----------------------------|--------------------------------------|
| A | decreased | decreased |
| B | decreased | increased |
| C | increased | decreased |
| D | increased | increased |

18 On 31 December 2020 Helmut had the following liabilities.

| | \$ |
|--|------|
| bank loan repayable 1 September 2021 | 1500 |
| bank overdraft repayable on demand | 1000 |
| loan from finance company repayable 30 June 2024 | 5000 |
| mortgage repayable 1 March 2022 | 2000 |

What was the total of Helmut's non-current liabilities on 31 December 2020?

- A** \$5000 **B** \$7000 **C** \$8500 **D** \$9500

- 19** Vinita's credit customer paid the amount owing in cash, after deducting 2% discount for prompt payment.

How did this affect Vinita's financial statements?

| | income statement | statement of financial position |
|----------|-------------------|---------------------------------|
| A | increase expenses | decrease current assets |
| B | increase expenses | increase current assets |
| C | increase revenue | decrease current assets |
| D | increase revenue | increase current assets |

- 20** Mohan and Dipak are in partnership. They provided the following information at the end of the financial year.

| | | \$ | \$ |
|----------------------|-------|--------------|--------|
| profit for the year | | | 30 600 |
| interest on capital | Mohan | 1 000 | |
| | Dipak | <u>1 500</u> | 2 500 |
| interest on drawings | Mohan | 40 | |
| | Dipak | <u>320</u> | 360 |
| salary | Mohan | | 4 000 |

How much was available for distribution to the partners?

- A** \$23 740 **B** \$24 460 **C** \$27 740 **D** \$29 460
- 21** Raj and Rohit are in partnership sharing profits and losses in the ratio of 2 : 1. Raj is entitled to an annual salary of \$3000. The profit for the year ended 31 December 2020 was \$14 100.

On 1 January 2020, Raj's current account had a debit balance of \$1800.

What was the credit balance on Raj's current account on 1 January 2021?

- A** \$8600 **B** \$10 400 **C** \$12 200 **D** \$12 400
- 22** Which items appear in the capital and reserves section of a statement of financial position of a limited company?
- A** debentures, ordinary share dividend, general reserve
- B** debentures, retained earnings, general reserve
- C** ordinary share capital, debentures, retained earnings
- D** ordinary share capital, general reserve, retained earnings

- 23** The issued share capital of AN Limited consists of ordinary shares.

On 1 January 2020, the retained earnings were \$78 000.

For the year ended 31 December 2020, the company earned a profit of \$65 000.

An ordinary share dividend of \$20 000 was paid during the year and a further dividend for the year of \$15 000 was proposed. A transfer was made to general reserve of \$40 000.

What was the balance of retained earnings at 31 December 2020?

- A** \$3000 **B** \$5000 **C** \$68 000 **D** \$83 000

- 24** Which group contains only items which may be recorded in **both** the income statement of a trading business **and** the income and expenditure account of a club?

- A** bank charges, depreciation, wages
B bank charges, gross profit, sales revenue
C deficit, sales revenue, treasurer's expenses
D depreciation, treasurer's expenses, wages

- 25** The following ledger account appeared in the books of a club for the year ended 31 December 2020.

| Subscriptions account | | | | | |
|-----------------------|------------------------|---------------|--------|------|---------------|
| | | \$ | | | \$ |
| 2020 | | | 2020 | | |
| Jan 1 | Balance b/d | 2 000 | Dec 31 | Bank | 29 000 |
| Dec 31 | Income and expenditure | 24 000 | | | |
| | Balance c/d | 3 000 | | | |
| | | <u>29 000</u> | | | <u>29 000</u> |

Which statement is correct?

- A** Subscriptions prepaid on 1 January 2020 amounted to \$2000.
B Subscriptions prepaid on 31 December 2020 amounted to \$3000.
C Subscriptions received during the year ended 31 December 2020 amounted to \$24 000.
D Subscriptions relating to the year ended 31 December 2020 amounted to \$29 000.

26 The following costs were incurred by a clothing manufacturer.

- 1 purchase of fabric
- 2 purchase of buttons
- 3 repairs to sewing machine
- 4 wages of factory supervisors
- 5 wages of sewing machinists

Which costs are indirect costs?

- A** 1, 2 and 5 **B** 1, 4 and 5 **C** 2 and 3 **D** 3 and 4

27 A manufacturer calculated the cost of production for the year at \$57 000.

It was found that lighting and heating, \$2000, had been omitted from the financial statements.

Lighting and heating is allocated 75% to the factory and 25% to the offices.

What was the correct cost of production?

- A** \$55 500 **B** \$56 500 **C** \$57 500 **D** \$58 500

28 Tariq provided the following information.

| | 31 January 2020 \$ | 31 January 2021 \$ |
|---------------------|-----------------------|-----------------------|
| non-current assets | 60 000 | 70 000 |
| current assets | 20 000 | 25 000 |
| current liabilities | 15 000 | 19 000 |

Tariq's drawings for the year ended 31 January 2021 were \$5000.

What was the profit for the year ended 31 January 2021?

- A** \$6000 **B** \$11 000 **C** \$14 000 **D** \$16 000

- 29 Nour does not keep full accounting records. She provided the following information at the end of the financial year.

| | \$ |
|---|--------|
| decrease in trade receivables during the year | 2 000 |
| receipts from trade receivables | 58 000 |
| discount allowed | 1 200 |
| sales returns | 1 500 |

What were the credit sales for the year?

- A \$55 700 B \$57 300 C \$58 700 D \$62 700

- 30 A trader provided the following information.

| | \$ |
|-----------------------|---------|
| non-current assets | 132 000 |
| current assets | 28 000 |
| current liabilities | 12 000 |
| interest paid on loan | 2 000 |

Return on capital employed was 12.5%.

What was the profit for the year **before** loan interest?

- A \$16 500 B \$18 250 C \$18 500 D \$20 500

- 31 Which change would cause an increase in the liquid (acid test) ratio?

- A a decrease in inventory
 B an increase in inventory
 C a decrease in the provision for doubtful debts
 D an increase in the provision for doubtful debts

32 Abhinav provided the following information.

| | year ended 31 December 2019 \$ | year ended 31 December 2020 \$ |
|---------------|--------------------------------------|--------------------------------------|
| purchases | 112 500 | 124 000 |
| cost of sales | 115 500 | 120 000 |

| inventory | \$ |
|------------------|------|
| 1 January 2019 | 7000 |
| 31 December 2019 | 4000 |
| 31 December 2020 | 8000 |

What was the rate of turnover of inventory for the year ended 31 December 2020?

- A** 15 times **B** 20 times **C** 21 times **D** 30 times

33 Which action will improve the gross margin?

- A** increasing expenses
B increasing selling price
C reducing expenses
D reducing selling price

34 Amaira depreciates her non-current assets by the same rate and using the same method every year.

Which group of accounting principles is she applying?

- A** business entity, consistency, matching
B business entity, prudence, realisation
C consistency, matching, prudence
D matching, prudence, realisation

- 35** Kamika's financial statements did not comply with the accounting principle of money measurement.

What had Kamika done?

- A** included a value for the skill of her employees
- B** forgot to include prepaid insurance
- C** recorded her drawings in wages and salaries
- D** valued her inventory above original cost

BLANK PAGE

BLANK PAGE

BLANK PAGE

Permission to reproduce items where third-party owned material protected by copyright is included has been sought and cleared where possible. Every reasonable effort has been made by the publisher (UCLES) to trace copyright holders, but if any items requiring clearance have unwittingly been included, the publisher will be pleased to make amends at the earliest possible opportunity.

To avoid the issue of disclosure of answer-related information to candidates, all copyright acknowledgements are reproduced online in the Cambridge Assessment International Education Copyright Acknowledgements Booklet. This is produced for each series of examinations and is freely available to download at www.cambridgeinternational.org after the live examination series.

Cambridge Assessment International Education is part of the Cambridge Assessment Group. Cambridge Assessment is the brand name of the University of Cambridge Local Examinations Syndicate (UCLES), which itself is a department of the University of Cambridge.