



# **Cambridge IGCSE™**

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## **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)

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## **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.

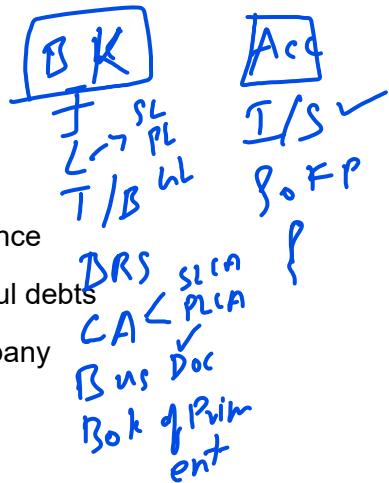
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This document has **16** pages. Any blank pages are indicated.

- 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



- 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>1200</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
<b>A</b>	increase expenses	decrease current assets
<b>B</b>	increase expenses	increase current assets
<b>C</b>	increase revenue	decrease current assets
<b>D</b>	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





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