Cambridge Assessment International Education

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.

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[Turn over

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

Which task would the accountant perform?

A extracting balances from the ledger accounts to produce a trial balance

B making entries in the general journal to adjust a provision for doubtful debts

C preparing a monthly report that analyses the profitability of the company

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.

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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 Vinita	10 000 5 000
D	machinery	15 000	capital Vinita	10 000 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

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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

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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			
		2880			2880

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.

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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
		131 000			131 000

Provision for doubtful debts account					
		$			$
Dec 31	Income statement	100	Jan 1	Balance b/d	1 200
	Balance c/d	1 100			
		1 200			1 200

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

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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	1 500	2 500
interest on drawings	Mohan	40	
	Dipak	320	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

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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			
		29 000			29 000

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

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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

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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

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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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