Cambridge Assessment International Education

Cambridge IGCSE™

ACCOUNTING **0452/12**

Paper 1 Multiple Choice **February/March 2025**

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 **12** pages. Any blank pages are indicated.

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[Turn over

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

Which task does the accountant perform?

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

B making a journal entry to record the credit sale of a non-current asset

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

D recording sales and purchases invoices in the books of prime entry

2 A transaction has had the following effects.

assets	liabilities	capital
decrease	decrease	increase

The business is **not** overdrawn at the bank.

Which transaction has happened?

A A payment was made to a credit supplier after taking a cash discount.

B A payment was received from a credit customer after allowing a cash discount.

C Goods were sold to a credit customer for less than their cost price.

D Goods were sold to a credit customer for more than their cost price.

3 The double entry system of book-keeping consists of processing accounting data in a certain order.

What is the correct order?

A business documents, books of prime entry, ledgers, trial balance

B business documents, ledgers, trial balance, books of prime entry

C books of prime entry, business documents, trial balance, ledgers

D books of prime entry, ledgers, trial balance, business documents

4 Imran made an entry on the debit side of the cash book in the bank column.

What could the corresponding credit entry represent?

A a decrease in cash

B a decrease in a trade payable

C an increase in a non-current asset

D an increase in a trade receivable

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5 Dave supplies goods to Peter on credit. On 1 April, Peter owed Dave $440. During the month of April, Dave processed the following documents.

		$
April 7	invoice issued	360
12	cheque received (after Peter deducted $11 cash discount)	429
13	debit note received	50
15	credit note issued	50

What was the closing balance on the statement of account issued by Dave to Peter on 30 April?

A $260 **B** $310 **C** $321 **D** $421

6 Alisha entered the credit notes she received in March in the correct returns journal.

How was the total of this journal recorded in the ledger at the end of March?

A credit purchases returns account

B credit sales returns account

C debit purchases returns account

D debit sales returns account

7 Which statements about trade discount are correct?

1 It is debited to the supplier's account.

2 It is only given if the invoice is paid within the period allowed by the supplier.

3 It is shown as a deduction from the price of the goods on an invoice.

4 It is used to encourage bulk buying.

A 1 and 2 **B** 1 and 3 **C** 2 and 4 **D** 3 and 4

8 Why is a trial balance prepared?

A to analyse financial information

B to assist in the preparation of financial statements

C to control the costs of the business

D to evaluate the performance of the business

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9 Which group of account balances would appear in the credit column of a trial balance?

A assets, purchases, drawings

B discount received, capital, sales returns

C liabilities, expenses, sales

D sales, capital, purchases returns

10 Arnaud's draft profit for the year was $17 000. His actual correct profit was $17 400.

Which error had been made?

A A purchases invoice for $2600 had been recorded in the purchases journal as $2200.

B A sales invoice for $2600 had been recorded in the sales journal as $2200.

C Discount allowed of $400 had been posted to the credit side of the discount allowed account.

D Discount received of $400 had been posted to the debit side of the discount received account.

11 Paul calculated his profit for the year to be $40 000.

Paul then discovered the following errors.

- The expenses included rates prepaid, $1000, for the following year.
- $600 owed for electricity had been omitted.
- Sales returns of $10 000 had **not** been recorded.

What was the correct profit for the year?

A $28 400 **B** $30 400 **C** $49 600 **D** $51 600

12 The totals of Simon's trial balance did **not** agree, and he opened a suspense account.

He then found that when he had restored the imprest with $70, he had recorded it correctly in the petty cash book but had recorded it on the wrong side of the main cash book. This was the only error.

What was the opening entry in the suspense account?

A $70 on the credit side

B $70 on the debit side

C $140 on the credit side

D $140 on the debit side

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13 Jamal's bank statement at 1 May showed a bank overdraft of $1460. At that date, there were unpresented cheques of $385 and uncredited deposits of $255.

What was the cash book balance at 1 May?

A $1330 credit

B $1330 debit

C $1590 credit

D $1590 debit

14 Which items are included in a sales ledger control account?

1 goods returned by credit suppliers

2 debts that have been written off as irrecoverable

3 goods sold for cash

4 cheques received from credit customers returned by the bank as dishonoured

A 1, 2 and 3 **B** 1 and 3 only **C** 2, 3 and 4 **D** 2 and 4 only

15 After preparing his financial statements, Jonty discovered two errors had been made in his accounting records.

error 1 Vehicle repair costs of $1500 had been debited to the vehicles account.

error 2 Legal fees of $2100, relating to the purchase of new premises, had been included in expenses.

Ignoring depreciation, what was the effect of these errors on Jonty's profit for the year?

A $600 overstated

B $600 understated

C $3600 overstated

D $3600 understated

16 Which item is a revenue receipt?

A cash invested by the owner of the business

B proceeds from the sale of a non-current asset at book value

C rent received from letting part of the premises

D short-term loan received from a finance company

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17 Samuel started his business on 1 January 2023 and bought two delivery vans for $12 000 each. He depreciates all vehicles at the rate of 10% per annum, calculated monthly, using the straight-line method.

On 1 April 2024, he sold one of the vans and replaced it with a larger one costing $24 000.

What was the balance on the provision for depreciation of delivery vehicles account on 31 December 2024?

A $3300 **B** $4200 **C** $5700 **D** $6600

18 A carpenter uses the revaluation method of depreciation for the hand tools used in the business.

All hand tools in use at the end of the financial year, including those bought during the year, are revalued.

New hand tools were purchased during the year, but no hand tools were disposed of.

Which value of hand tools shows the calculation of the depreciation for the year?

A value at the start of the year less cost of new tools less value at the end of the year

B value at the start of the year less value at the end of the year

C value at the start of the year plus value at the end of the year less new hand tools purchased

D value at the start of the year plus new hand tools purchased less value at the end of the year

19 At the end of year 1, a trader created a provision for doubtful debts of 5% of trade receivables.

At the end of year 2, she decided to increase the provision to 6%.

The trader provided the following information.

	$
trade receivables at the end of year 1	4800
trade receivables at the end of year 2	7500

What was the amount for the provision for doubtful debts that should be included in the income statement for year 2?

A $210 credit

B $210 debit

C $450 credit

D $450 debit

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20 The end-of-year inventories held by a sports shop are shown in the table.

	cost $	net realisable value $
football kits	250	230
tracksuits	210	240
football boots	160	200

Which inventory value is shown in the statement of financial position?

A $600 **B** $620 **C** $630 **D** $670

21 What is a **disadvantage** of running a business as a sole trader?

A The owner does **not** have to pay interest on drawings.

B The owner is entitled to all the profits made by the business.

C The owner must share the decision-making and the profits.

D The owner's personal possessions are at risk if the business should fail.

22 What is shown in the capital and liabilities section of a statement of financial position of a business?

A how the resources are being used by the business

B the working capital of the business

C total amounts owed by the business and total amounts owed to the business

D where the resources of the business have come from

23 Ann and Ben are in partnership, sharing profits and losses equally. They provided the following information for the year ended 30 April.

		$
profit for the year		20 000
interest on capital:	Ann	5 000
	Ben	4 000
drawings:	Ann	8 000
	Ben	7 000

What was Ben's share of the residual profit?

A $5500 **B** $10 000 **C** $13 000 **D** $14 500

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24 Frankie is a partner. He has both a capital account and a current account.

Which statement is correct?

A Any loans he makes to the partnership are added to his capital account balance.

B He can have a debit balance on his current account but **not** on his capital account.

C Interest on drawings would increase a credit balance on his current account.

D The balance on his capital account falls when his drawings exceed his share of profit.

25 What is included in the equity of a limited company?

1 debentures

2 general reserve

3 goodwill

4 ordinary share capital

A 1, 2 and 3 **B** 1, 2 and 4 **C** 2 and 4 only **D** 4 only

26 What is shown in the receipts and payments account of a music club?

A a summary of all cash and bank transactions

B depreciation of musical instruments

C subscriptions received and accrued

D the club's surplus or deficit

27 Medway social club runs a café for its members. For the year ended 31 December, the sales were $15 000 and the cost of goods sold was $12 000.

The closing inventory of coffee had been included at a cost value of $1000 but had deteriorated and was worth $500.

What profit on the café should be transferred to the income and expenditure account?

A $2000 **B** $2500 **C** $3000 **D** $3500

28 Which statement about work in progress is correct?

A It consists of completed and partly completed goods.

B It is adjusted for when calculating prime cost.

C It is included as inventory in the statement of financial position.

D It is included in the manufacturing account and income statement.

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29 A manufacturer calculated the cost of production for the year at $57 000. It was found that lighting and heating of $2000 had been omitted from the financial statements.

75% of lighting and heating is allocated to the factory, and 25% of lighting and heating is allocated to the offices.

What was the correct cost of production?

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

30 Farred did **not** keep a full set of accounting records. He purchased goods on credit terms, and all sales were made on a cash basis.

Farred compared his assets and liabilities at the start and at the end of his financial year. He recorded the following changes at the end of the financial year.

	$
an increase in non-current assets	11 000
a decrease in inventory	6 100
an increase in trade payables	3 000

The bank balance had changed from a debit balance of $4200 to an overdraft of $7100.

What was the change in Farred's capital?

A a decrease of $3400

B a decrease of $9400

C an increase of $4800

D an increase of $10 800

31 A business provided the following information.

	$
revenue	100 000
gross profit	20 000

What was the percentage mark-up?

A 20% **B** 25% **C** 75% **D** 80%

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32 Why might a trader wish to increase his trade payables turnover days?

1 to improve his total working capital
2 to keep funds available for other purposes
3 to receive more cash discounts

A 1, 2 and 3 **B** 1 only **C** 2 only **D** 3 only

33 Uzoma provided the following information about her first year of trading.

	$
sales	46 000
gross profit	21 850
advertising	2 700
other expenses	11 350
profit for the year	7 800

Uzoma wants to improve her profit in the future and is considering four options.

Which option would provide the biggest increase in her profit for the year?

A earning commission, which would increase profit for the year by 20%
B increasing advertising by $1000, which would increase gross profit by $2500
C increasing the sales price, which would increase gross profit by $2000
D reducing other expenses by $1500 and earning commission of $1000

34 Sally's business has reached its bank overdraft limit of $1500.

Sally is considering the following actions.

1 asking the bank to increase the bank overdraft limit to $2000
2 borrowing $2000 from a relative and paying the money back in six months
3 obtaining a loan of $2000 from the bank, repayable in two years
4 paying $2000 from Sally's personal bank account into the business bank account

Which actions will improve the working capital of the business?

A 1 and 2 **B** 1 and 4 **C** 2 and 3 **D** 3 and 4

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35 When does a business recognise the income from a sale of goods on credit?

A when a cheque is received from the customer in payment for the goods

B when a cheque received is paid into the business bank account

C when the goods are delivered to the customer

D when the goods are ordered by the customer

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