UNIVERSITY OF CAMBRIDGE INTERNATIONAL EXAMINATIONS
International General Certificate of Secondary Education

CANDIDATE NAME									
CENTRE NUMBER						CANDIDATE NUMBER			

5051368355

ACCOUNTING **0452/12**

Paper 1 **May/June 2013**

1 hour 45 minutes

Candidates answer on the Question Paper.
No Additional Materials are required.

READ THESE INSTRUCTIONS FIRST

Write your Centre number, candidate number and name on all the work you hand in.
Write in dark blue or black pen.
You may use a soft pencil for any diagrams or graphs.
Do not use staples, paper clips, highlighters, glue or correction fluid.
DO **NOT** WRITE IN ANY BARCODES.

Answer **all** questions.
You may use a calculator.

Where layouts are to be completed, you may not need all the lines for your answer.
The businesses mentioned in this Question Paper are fictitious.

At the end of the examination, fasten all your work securely together.
The number of marks is given in brackets [ ] at the end of each question or part question.

This document consists of **20** printed pages.

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There are 10 parts to Question 1.

For **each** of the parts **(a)** to **(j)** below there are four possible answers **A**, **B**, **C** and **D**. Choose the **one** you consider correct and place a tick (✓) in the box to indicate the correct answer.

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1 **(a)** Which book of prime (original) entry is written up from copies of invoices issued?

A purchases journal ☐

B purchases ledger ☐

C sales journal ☐

D sales ledger ☐ [1]

(b) John Smith provided the following information:

	$
balance on purchases ledger control account on 1 May 2013	3920 credit
total of purchases journal on 31 May 2013	8380
total of purchases returns journal on 31 May 2013	270
cheques paid to creditors in May 2013	7660

What was the balance on the purchases ledger control account on 1 June 2013?

A $2930 credit ☐

B $4370 credit ☐

C $2930 debit ☐

D $4370 debit ☐ [1]

(c) The revaluation method of depreciation is most suitable for which non-current asset?

A computers ☐

B delivery van ☐

C filing cabinets ☐

D loose tools ☐ [1]

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(d) Joe allows his debtors one month's credit. He provides the following information at the end of his financial year on 31 May 2013.

Ann owes $100 for goods supplied on 1 April 2013.

Bill owes $50 for goods supplied on 1 June 2011 and Joe has been unable to contact Bill.

Carl owes $200 for goods supplied on 1 May 2013, but Carl has said he will not be able to pay before July 2013.

How much should Joe write off as bad debts on 31 May 2013?

A $50 ☐

B $150 ☐

C $250 ☐

D $350 ☐ [1]

(e) How should inventory be valued?

A higher of selling price and cost ☐

B higher of net realisable value and cost ☐

C lower of selling price and cost ☐

D lower of net realisable value and cost ☐ [1]

(f) The following information is provided.

	$
revenue	220 000
purchases	130 000
opening inventory	10 000
closing inventory	12 000

What is the cost of goods sold?

A $90 000 ☐

B $92 000 ☐

C $128 000 ☐

D $132 000 ☐ [1]

For Examiner's Use

(g) Amy and Beth are in partnership, sharing profits equally. No salaries are paid to the partners.

They provided the following information for the financial year ended 31 December 2012.

		$
profit for the year		100 000
interest charged on partners' drawings	Amy	6 000
	Beth	4 000

How much was credited to Beth's current account for the year ended 31 December 2012?

A $50 000 ☐

B $51 000 ☐

C $55 000 ☐

D $59 000 ☐ [1]

(h) What does a receipts and payment account show?

A accumulated fund ☐

B opening and closing cash balances ☐

C surplus or deficit for the year ☐

D value of assets owned ☐ [1]

(i) The table shows the performance of two businesses, X and Y, in a financial year.

business	gross profit as a % of sales	net profit as a % of sales
X	33.5	8.6
Y	28.0	11.5

What is revealed by comparing the ratios for X and Y?

A X controls its overhead expenses better than Y. ☐

B Y controls its overhead expenses better than X. ☐

C X's cost of sales is higher than Y's. ☐

D Y's cost of sales is higher than X's. ☐ [1]

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(j) Which accounting principle is applied when non-current assets are depreciated?

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A accruals (matching) ☐

B consistency ☐

C duality ☐

D realisation ☐ [1]

[Total: 10]

For Examiner's Use

2 **(a)** State the accounting equation.

.....

..... [1]

(b) Explain the difference between book-keeping and accounting.

.....

.....

.....

..... [4]

The following balances are taken from Teresa's books of account on 31 January 2013.

	$
Drawings	29 100
Vehicles	16 200
Rent	3 400
Inventory at 1 February 2012	19 100
Equipment	12 100
Trade payables	16 600
Trade receivables	19 300
Sales	210 100
Purchases	131 600
Carriage inwards	400
Discount received	1 100
Bank overdraft	17 000
Wages	21 800
General expenses	11 200
Capital	?

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(c) Complete Teresa's trial balance at 31 January 2013 showing her capital account balance.

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Teresa
Trial Balance at 31 January 2013

	$	$
Drawings		
Vehicles		
Rent		
Inventory at 1 February 2012		
Equipment		
Trade payables		
Trade receivables		
Sales		
Purchases		
Carriage inwards		
Discount received		
Bank overdraft		
Wages		
General expenses		
Capital		

[8]

(d) Name and explain **two** errors which would **not** affect the balancing of a trial balance.

Name of error .....

Explanation .....

.....

Name of error .....

Explanation .....

..... [6]

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(e) Teresa's profit for the year ended 31 January 2013 was $48 200.

Prepare Teresa's capital account. Balance the account on 31 January 2013 and bring down the balance on 1 February 2013.

Teresa
Capital account

.....

.....

.....

.....

.....

..... [4]

(f) State **two** ways in which Teresa can use her accounting information.

1 .....

2 .....
[2]

[Total: 25]

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3 **(a)** Complete the table below giving the name of **each** accounting principle described.

	Principle
The same accounting treatment should be applied to similar items at all times.	
Every transaction has a two-fold aspect.	
Transactions must be expressed in money terms.	
Profit should not be overstated by ignoring foreseeable losses.	
Financial statements assume that a business will continue to operate indefinitely.	

[5]

A sales invoice sent by Gordon to Jacqui in February showed the following.

Quantity	Description	Unit price	Total price
		$	$
10	Cans of cooking oil	7.50	75.00
	Less: 20% trade discount		15.00
			60.00

(b) State why Gordon allowed Jacqui a trade discount.

.....

..... [2]

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(c) (i) Jacqui was entitled to a 5% cash discount. Calculate the value of the cash discount.

.....

..... [1]

(ii) Show how the cash discount would be recorded in Gordon's books of account.

Account to be debited	Account to be credited

[2]

(iii) State why Gordon allowed Jacqui a cash discount.

.....

..... [2]

(d) Indicate by placing a tick (✓) in the table below to indicate whether each business is a trading or a service business. The first has been completed as an example.

	Trading business	Service business
Clothing retailer	✓	
Accountant		
Hairdresser		
Car dealer		
Computer component manufacturer		

[2]

[Total: 14]

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Question 4 is on the next page.

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4 Clothilde Manufacturing Limited provided the following information.

	At 1 February 2012	At 31 January 2013
	$	$
Raw materials	3 600	6 200
Work-in-progress	5 800	6 100
Finished goods	19 600	26 600

For the year ended 31 January 2013	$
Purchases of raw materials	190 800
Direct wages	86 000
Salary of factory supervisor	15 000
Carriage on raw materials	1 100
Other sales and administration costs	59 000
Depreciation of machinery	3 000
Rent	30 000
Power	25 000
Insurance	5 000

The costs of rent, power and insurance are apportioned 80% to the factory and 20% to the office.

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(a) Prepare the manufacturing account for the year ended 31 January 2013.

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Clothilde Manufacturing Limited
Manufacturing Account for the year ended 31 January 2013

[16]

For Examiner's Use

(b) Calculate the cost of sales as it would appear in the income statement for the year ended 31 January 2013.

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..... [3]

(c) All goods are sold using a mark-up of 50%. Calculate the revenue (sales) for the year ended 31 January 2013.

.....

..... [2]

[Total: 21]

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5 (a) Complete the following sentence.

The cash book is a book of prime entry and also a .... [2]

Riaz is a trader in clothing. The following balances were taken from his books of account at 1 January 2012.

	$
Rent	6000 Dr
Commission payable	1700 Cr
Stationery	120 Dr

He made the following payments.

2012	$
February 28 rent for six months to 31 August 2012	18 000
September 1 rent for six months to 28 February 2013	19 800
Total payments to the salesmen for commission	18 100
Total payments for stationery	1 880

Other information is as follows.

1 Commission due on 31 December 2012 amounted to $1150.
2 The charge for stationery in the income statement for the year ended 31 December 2012 was $1910.

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(b) Prepare the following ledger accounts for the year ended 31 December 2012. Balance the accounts and bring down the balances on 1 January 2013.

For Examiner's Use

Rent account

.....

.....

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.....

.....

..... [6]

Commission payable account

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..... [5]

Stationery account

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.....

.....

..... [5]

For Examiner's Use

(c) Complete the table below. The first item has been completed as an example.

Ledger account	Balance sheet	
	Heading	Item
Rent	*Current assets*	*Other receivables*
Commission payable		
Stationery		

[4]

It was discovered that the cash balance in the cash book was $250 higher than the cash actually in hand. It was later found that Riaz had taken goods with a cost of $150 and a selling price of $250 for his own use. This had been recorded in the books of account as a cash sale.

(d) Prepare the journal entries to correct this error. Narratives are **not** required.

	Debit $	Credit $
.....	.....	.....
.....	.....	.....
.....	.....	.....
.....	.....	.....
.....	.....	.....

[4]

[Total: 26]

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6 Jarvis Limited provided the following information about its assets and liabilities:

At 31 March	2012	2013
	$	$
Machinery at book value	95 000	76 000
Fixtures and fittings at book value	11 000	36 000
Vehicle at book value	4 000	26 000
Inventory	19 000	27 000
Trade receivables	16 000	18 000
Bank	8 000	-
Trade payables	14 000	21 000
Bank overdraft	-	6 000
Long term loan	10 000	15 000

(a) (i) Calculate to two decimal places the current ratio at **both** 31 March 2012 and 31 March 2013.

.....

.....

.....

.....

.....

..... [4]

(ii) Suggest **one** reason for the change in the current ratio.

.....

.....

..... [1]

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(b) (i) Calculate to two decimal places the quick ratio (acid test ratio) at **both** 31 March 2012 and 31 March 2013.

.....

.....

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.....

.....

..... [4]

(ii) Suggest **one** possible effect of the change in the quick ratio (acid test ratio).

.....

.....

..... [2]

(c) Suggest **two** reasons for the change in the company's bank balance

.....

.....

.....

..... [2]

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The equity section of Jarvis Limited's balance sheets showed the following:

At 31 March	2012	2013
	$	$
Ordinary shares of $0.50 each	100 000	100 000
Retained earnings	29 000	31 000
General reserve	-	10 000

The profit for the year ended 31 March 2013 was $26 000.

On 1 June 2012 the directors paid a dividend of $0.03 per share. On 15 January 2013 they paid a further dividend of 8%.

(d) Prepare the appropriation account for the year ended 31 March 2013.

Jarvis Limited
Appropriation Account for the year ended 31 March 2013

[7]

(e) Explain why Jarvis Limited created a general reserve.

[2]

(f) Explain the difference between authorised and issued share capital.

[2]

[Total: 24]

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