

# UNIVERSITY OF CAMBRIDGE INTERNATIONAL EXAMINATIONS International General Certificate of Secondary Education

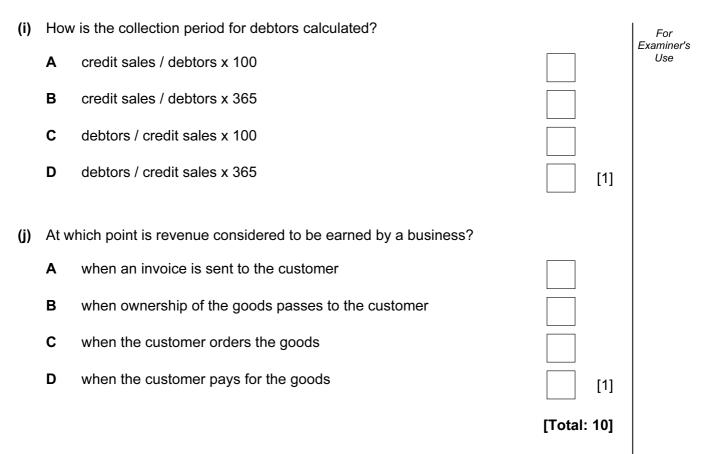
	CANDIDATE NAME			
	CENTRE NUMBER	CANDIDATE NUMBER		
20459	ACCOUNTING Paper 1		-	0452/12 //June 2011 45 minutes
7 0 8 4 1		ver on the Question Paper. aterials are required.		
*	READ THESE I	NSTRUCTIONS FIRST		
	Write in dark blu You may use a s Do not use stapl DO <b>NOT</b> WRITE Answer <b>all</b> ques You may use a c	soft pencil for any diagrams or graphs. es, paper clips, highlighters, glue or correction fluid. IN ANY BARCODES. tions. calculator.		
	answer.	are to be completed, you may not need all the lines for your	For Examiner's Use	
		mentioned in this Question Paper are fictitious.	1	
		examination, fasten all your work securely together. marks is given in brackets [ ] at the end of each question or part	2	
			3	
			4	
			5	
			6	
			Total	

This document consists of 15 printed pages and 1 blank page.



There are 10 parts to Question 1. For Examiner's Use 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 ( $\checkmark$ ) in the box to indicate the correct answer. 1 (a) Which business documents are used to write up the sales returns journal? Α credit notes issued to customers В credit notes received from suppliers С invoices issued to customers D invoices received from suppliers [1] (b) What is cash discount? Α an allowance given to a customer for paying in cash В an allowance given to a customer for prompt payment С a deduction from the list price of goods bought by a customer D a deduction from the list price of goods for bulk buying by a customer [1] (c) Which type of error is corrected using a suspense account? Α complete reversal В omission С principle D single entry [1] (d) A business receives a bank statement and updates its cash book. Which item will increase the bank balance in the cash book? Α bank charges В credit transfers received С interest charges D standing orders paid [1]

(e) Adam's debt is to be written off as bad. For What entries are required? Examiner's Use account to be debited account to be credited bad debts Α Adam В Adam income statement С bad debts Adam bad debts D income statement [1] (f) Which is an intangible asset? Α goodwill В inventory С other receivables D trade receivables [1] (g) A trader took goods costing \$100 for his own use. How is this recorded in the ledger? Α debit drawings, credit inventory В debit drawings, credit purchases С debit inventory, credit drawings D debit purchases, credit drawings [1] (h) Which is a factory overhead? Α carriage on finished goods В carriage on raw materials С wages of factory supervisors D wages of machine operators [1]



a) Ւ	Name <b>two</b> books of prime (original) entry.				
(	(i)				
(	(ii)			[2]	
b) S	State the purpose of prepari	ng an income statement.			
				[1]	
-	In the table below, place a ti is income or an expense.	ick ( $\checkmark$ ) under the correct	heading to show	whether the item	
		Income	Expense		
	Carriage outwards				
	Bad debt recovered				
	Discount received			[3]	
d) E   e) (	Explain what is meant by the	rinciple which requires th		[2]	
  e) (	<ul> <li>Explain what is meant by the</li> <li>(i) Name the accounting plant should be applied to sime</li> <li>(ii) Name the accounting</li> </ul>	rinciple which requires the nilar items at all times.	nat the same acco at accounting inf	[2] Dunting treatment	
  e) (	<ul> <li>Explain what is meant by the</li> <li>(i) Name the accounting plice should be applied to sim</li> <li>(ii) Name the accounting represent actual events</li> </ul>	rinciple which requires the nilar items at all times.	nat the same acco at accounting inf nd bias.	[2] Dunting treatment [1] Formation should [1]	
  e) (	<ul> <li>Explain what is meant by the</li> <li>(i) Name the accounting plice should be applied to sim</li> <li>(ii) Name the accounting represent actual events</li> </ul>	rinciple which requires the nilar items at all times. policy which states the and be free from error an	nat the same acco at accounting inf nd bias.	[2] Dunting treatment [1] Formation should [1]	

5

For Examiner's Use

(g) Bailee's trial balance at 31 March 2011 included the following items:

\$ Trade payables 1800 Trade receivables 1300 Bank (Dr) 3500 Drawings 4700 Inventory 2900 Provision for depreciation 3300 (i) Calculate Bailee's working capital. Show your workings. ......[3] (ii) Calculate Bailee's quick ratio. Show your workings and give your answer to two decimal places. [3] (h) Name two types of shares which may be issued by a limited company. (i) ..... (ii) [2] ..... [Total: 20]

3	Alcazar has a clothing business and sells for cash and on credit. A summary of his cash book for the year ended 31 March 2011 shows the following:			For Examiner's Use
	Deposits for the year (cash and credit amount Payments for the year (to suppliers, expenses		\$ 5) 15 270 13 950	
	You are given the following additional information:			
	Cash sales for the year deposited at the bank		\$2680	
		1 April 2010 \$	31 March 2011 \$	
	Trade receivables Inventory	3 140 1 780	4 080 1 920	
	An analysis of Alcazar's payments shows:		¢	
	Purchases from suppliers Carriage inwards Rent Electricity Insurance Wages paid to staff Drawings		\$ 9 560 280 600 360 580 1 370 <u>1 200</u> <u>13 950</u>	
	REQUIRED			
	(a) Calculate Alcazar's credit sales for the year. Sh	ow your workings	5.	
			[4]	

(b) Prepare Alcazar's income statement (showing the trading account) for the year ended 31 March 2011. Examiner's

For

Use

Alcazar Income Statement for the year ended 31 March 2011

............................... [12] \_\_\_\_\_ (c) (i) Calculate Alcazar's percentage of gross profit to sales for the year. Show your workings and give your answer to two decimal places. ..... [3] .....

(ii) Calculate Alcazar's percentage of net profit to sales for the year. Show your workings and give your answer to two decimal places. Examiner's Use ..... [3] (d) Alcazar did not bank additional cash sales of \$2500 which were, therefore, not included in his income statement. (i) Recalculate the new percentage of gross profit to sales. Show your workings and give the calculation to two decimal places. [3] (ii) State whether including these cash sales has increased or decreased the percentage of gross profit to sales. ......[1]

[Total: 26]

For

10

4	(a)	Explain what is	meant by the term	'other payable'	(accrued expense).
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[2]

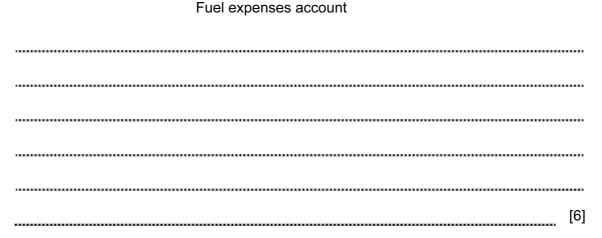
Khalim has a furniture business and pays the fuel expenses of running a motor van.

At 1 May 2010 he had accrued fuel expenses of \$30. For the year ended 30 April 2011 he paid fuel expenses of \$340 by cheque and at 30 April 2011 he had an unpaid bill for fuel of \$50.

### REQUIRED

(b) Write up Khalim's fuel expenses account for the year ended 30 April 2011. Show the transfer to the income statement for the year and any balance carried down at 1 May.

Khalim



(c) In the following table, place a tick (✓) under the heading to show the correct category of each asset shown on Khalim's balance sheet.

	Non-current tangible asset	Non-current intangible asset	Current asset
Warehouse			
Goodwill			
Motor van			
Trade receivables			

[4]

For Examiner's Use at 30 April 2011. Units in stock Chair type Cost per unit Selling price per unit \$ \$ Armchair 15 55 65 **Dining chair** 36 25 20 Folding chair 60 15 18 REQUIRED (d) State the basis on which Khalim will value his inventory on 30 April 2011. [3] (e) Calculate the value of Khalim's inventory at 30 April 2011. Show all your workings. ..... [8] .....

[Total: 23]

For

Examiner's Use

Khalim sells three types of chair and provides the following information about his inventory

5 Piranha Limited is planning to buy a computer system costing \$4500 for use in its business.

It estimates the computer system will have a useful life of three years and will have a scrap value of \$750 after that time.

The company decides it will depreciate the computer system on the reducing balance method at the rate of 40% per annum.

### REQUIRED

(a) State two other methods of calculating depreciation.

- (i) \_\_\_\_\_\_[2]
- (b) Calculate the depreciation to be charged on the computer system for **each** of the three years of its useful life. Show your workings for **each** year.
- (c) Complete the following extract from the company's balance sheet at the end of the third year.

Piranha Limited Balance Sheet at end of third year (extract)

	Cost \$	Provision for depreciation \$	Net book value \$	
Non-current assets				
Computer system				[3]

For Examiner's Use (d) Piranha Limited compared the calculated net book value of the computer system after three years with its expected scrap value after three years, \$750.

State whether you consider the percentage rate the company should be using to calculate the depreciation should be **higher** or **lower**. Give a reason for your answer.

[2]

(e) Piranha Limited is proposing to take a three year bank loan.

In the table below, place a tick ( $\checkmark$ ) under the correct heading to show the effect of taking the bank loan on the item.

	Increase	Decrease	No effect
Net profit			
Working capital			
Return on capital employed			

[6]

For

Examiner's Use

[Total: 22]

6 Monica has a shop. She writes up the books of account herself but is not an experienced bookkeeper. Her financial year ends on 28 February.

The trial balance she prepared on 28 February 2011 showed a shortage on the debit side of \$720. Monica entered this in a suspense account and then prepared a draft income statement showing a profit for the year of \$3600.

The following errors were later discovered.

- 1 A cheque payment of \$460 to repay a loan from Carlo has been correctly entered in the cash book but \$640 has been debited to his loan account.
- 2 Cash sales of \$850 have been completely omitted from the books.
- 3 A cheque payment for \$900 for goods has been entered in the cash book but no other entry has been made.
- 4 The purchase of new display shelves for \$1200 has been debited to the repairs account.

### REQUIRED

(a) Show the journal entries required to correct the above errors. The date and narrative are **not** required.

Error 1	Dr \$	Cr \$

Error 2

### Error 3

#### Error 4

[8]

For

Examiner's Use (b) Write up the suspense account in Monica's ledger from the above journal entries. Dates are not required.

Monica
Suspense account

	[6]
	[0]
(c)	Prepare a statement to show Monica's profit for the year <b>after</b> correcting the errors 1 - 4.
	Monica Statement of corrected profit for the year ended 28 February 2011
	[Total: 19]

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