



**Cambridge International Examinations**  
Cambridge International General Certificate of Secondary Education

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**ACCOUNTING**

**0452/12**

Paper 1

**February/March 2015**

**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 an HB pencil for any diagrams or graphs.

Do not use staples, paper clips, 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 **16** printed pages.

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.

1 (a) Amit has the following assets and liabilities.

|                         |        |
|-------------------------|--------|
|                         | \$     |
| Non-current assets      | 29 500 |
| Current assets          | 18 100 |
| Current liabilities     | 11 300 |
| Non-current liabilities | 15 000 |

What is his capital?

- |          |          |                          |     |
|----------|----------|--------------------------|-----|
| <b>A</b> | \$7700   | <input type="checkbox"/> |     |
| <b>B</b> | \$21 300 | <input type="checkbox"/> |     |
| <b>C</b> | \$37 700 | <input type="checkbox"/> |     |
| <b>D</b> | \$51 300 | <input type="checkbox"/> | [1] |

(b) A cash book shows a debit balance on the bank account of \$1200. There are unrepresented cheques totalling \$420.

Which balance appears on the bank statement?

- |          |               |                          |     |
|----------|---------------|--------------------------|-----|
| <b>A</b> | \$780 credit  | <input type="checkbox"/> |     |
| <b>B</b> | \$780 debit   | <input type="checkbox"/> |     |
| <b>C</b> | \$1620 credit | <input type="checkbox"/> |     |
| <b>D</b> | \$1620 debit  | <input type="checkbox"/> | [1] |

(c) Why is depreciation provided?

- |          |  |                          |     |
|----------|--|--------------------------|-----|
| <b>A</b> | to estimate the cost to the business of wear and tear        | <input type="checkbox"/> |     |
| <b>B</b> | to set aside funds for future repairs to the asset           | <input type="checkbox"/> |     |
| <b>C</b> | to show market values in the statement of financial position | <input type="checkbox"/> |     |
| <b>D</b> | to spread the cost of an asset over its useful life          | <input type="checkbox"/> | [1] |

- (d) Izat paid \$750 on 1 October 2014 for 15 months' insurance.

Which amount for insurance appeared in his statement of financial position on 31 January 2015?

- A \$200
- B \$250
- C \$500
- D \$550  [1]

- (e) An item of inventory, cost \$80, has been damaged. It can be repaired for \$22. The item can then be sold for \$78. Packing and shipping costs will amount to \$6.

At which value will it be included in the statement of financial position?

- A \$50
- B \$56
- C \$78
- D \$80  [1]

- (f) Where do interest on capital and interest on partners' loans appear?

| Interest on capital     | Interest on partners' loans |                              |
|-------------------------|-----------------------------|------------------------------|
| A appropriation account | appropriation account       | <input type="checkbox"/>     |
| B appropriation account | income statement            | <input type="checkbox"/>     |
| C income statement      | appropriation account       | <input type="checkbox"/>     |
| D income statement      | income statement            | <input type="checkbox"/> [1] |

- (g) What are retained earnings in a limited company?

- A profits after dividends and after transfers to general reserve
- B profits after dividends but before transfers to general reserve
- C profits before dividends and before transfers to general reserve
- D profits before dividends but after transfers to general reserve  [1]

(h) A successful club prepares a trading account and an income and expenditure account.

Which statement is true?

- A** The trading account shows an opening and closing balance and the income and expenditure account shows a profit.
- B** The trading account shows a profit and the income and expenditure account shows an opening and closing balance.
- C** The trading account shows a profit and the income and expenditure account shows a surplus.
- D** The trading account shows a surplus and the income and expenditure account shows a profit.  [1]

(i) Which action would improve working capital?

- A** offering cash discount to debtors
- B** organising an overdraft facility at the bank
- C** selling a surplus delivery vehicle
- D** taking a longer credit period from suppliers  [1]

(j) Tan is considering selling raw materials on credit to Arjun.

Why does Tan look at Arjun's financial statements?

- A** to calculate Arjun's trade payables payment period
- B** to find out how much Arjun has spent on non-current assets
- C** to know how much capital Arjun had invested in his business
- D** to see if Arjun experiences a high level of bad debts  [1]

**[Total: 10]**

2 (a) State what is meant by an asset.

.....  
 ..... [1]

(b) Explain the difference between a statement of financial position and an income statement.

.....  
 .....  
 .....  
 .....  
 .....  
 ..... [4]

(c) Complete the following table. Indicate with a tick (✓) on which side of a trial balance each account would appear. The first has been completed as an example.

|                            | Debit | Credit |
|----------------------------|-------|--------|
| Cash                       | ✓     |        |
| Capital                    |       |        |
| Bonnie – a credit customer |       |        |
| Loan from the bank         |       |        |
| Other operating expenses   |       |        |
| Purchases returns          |       |        |

[5]

John is a trader. On 1 February his bank account had a debit balance of \$450. The following transactions then took place.

- February 1 Bought goods, \$600, on credit from Abdul.  
 2 Made cash sales of goods, \$150, cost \$90.  
 3 Paid cash, \$100, into the bank.  
 4 Took drawings, \$50, in cash.  
 5 Sold goods, cost \$300, on credit to Sara for \$510.  
 6 Paid Abdul in full by cheque.

**REQUIRED**

(d) Complete the following table to show the double entry needed to record each transaction. The first one has been completed as an example.

| February | Account to be debited | \$         | Account to be credited | \$         |
|----------|-----------------------|------------|------------------------|------------|
| 1        | <i>Purchases</i>      | <i>600</i> | <i>Abdul</i>           | <i>600</i> |
| 2        | .....                 | .....      | .....                  | .....      |
| 3        | .....                 | .....      | .....                  | .....      |
| 4        | .....                 | .....      | .....                  | .....      |
| 5        | .....                 | .....      | .....                  | .....      |
| 6        | .....                 | .....      | .....                  | .....      |

[10]

(e) Prepare John's cash book (bank columns only) for the first week of February. Balance the cash book and bring down the balance on 8 February.

John  
Cash book (bank columns)

| Date  | Details | \$    | Date  | Details | \$    |
|-------|---------|-------|-------|---------|-------|
| ..... | .....   | ..... | ..... | .....   | ..... |
| ..... | .....   | ..... | ..... | .....   | ..... |
| ..... | .....   | ..... | ..... | .....   | ..... |
| ..... | .....   | ..... | ..... | .....   | ..... |
| ..... | .....   | ..... | ..... | .....   | ..... |
| ..... | .....   | ..... | ..... | .....   | ..... |
| ..... | .....   | ..... | ..... | .....   | ..... |

[5]

(f) Identify the transaction which reduced John's capital.

..... [1]

**[Total: 26]**

- 3 On 1 January 2014 Alex had a motor vehicle with an original cost of \$17000 on which depreciation of \$6800 had been provided.

On 1 April 2014 he bought a new vehicle, costing \$24 000. He sold the old one and received a cheque for \$9400.

Alex provides depreciation on motor vehicles at the rate of 40% per annum on the reducing (diminishing) balance basis. He allows a full year's depreciation in the year of purchase and none in the year of disposal.

**REQUIRED**

- (a) Prepare the following ledger accounts for the year ended 31 December 2014. Balance the account(s) where necessary and bring down the balance(s) on 1 January 2015.

Alex  
Provision for depreciation of motor vehicles account

| Date  | Details | \$    | Date  | Details | \$    |
|-------|---------|-------|-------|---------|-------|
| ..... | .....   | ..... | ..... | .....   | ..... |
| ..... | .....   | ..... | ..... | .....   | ..... |
| ..... | .....   | ..... | ..... | .....   | ..... |
| ..... | .....   | ..... | ..... | .....   | ..... |
| ..... | .....   | ..... | ..... | .....   | ..... |
| ..... | .....   | ..... | ..... | .....   | ..... |
| ..... | .....   | ..... | ..... | .....   | ..... |

[5]

Motor vehicle disposal account

| Date  | Details | \$    | Date  | Details | \$    |
|-------|---------|-------|-------|---------|-------|
| ..... | .....   | ..... | ..... | .....   | ..... |
| ..... | .....   | ..... | ..... | .....   | ..... |
| ..... | .....   | ..... | ..... | .....   | ..... |
| ..... | .....   | ..... | ..... | .....   | ..... |
| ..... | .....   | ..... | ..... | .....   | ..... |
| ..... | .....   | ..... | ..... | .....   | ..... |
| ..... | .....   | ..... | ..... | .....   | ..... |

[4]

- (b) Prepare an extract from the statement of financial position at 31 December 2014 showing the entries for motor vehicles.

Alex  
Statement of Financial Position (extract) at 31 December 2014

.....

.....

.....

.....

.....

.....

..... [4]

- (c) Calculate the depreciation which will be provided on the new vehicle in the year ending 31 December 2015.

.....

.....

..... [2]

- (d) Name the **two** books of prime entry used in preparing the disposal account.

1 ..... [2]

2 ..... [2]

- (e) State the meaning of the term revenue expenditure. Give **one** example.

.....

.....

.....

..... [2]

**[Total: 19]**



4 Kriti provided the following information.

|  |                                      |         |        |
|--|--------------------------------------|---------|--------|
|  |                                      | \$      |        |
| At 1 January 2014                      | Trade receivables balances           | 13 400  | debit  |
|  |                                      | 120     | credit |
|  | Inventory                            | 21 600  |        |
| For the year ended<br>31 December 2014 | Cash sales                           | 44 400  |        |
|  | Credit sales                         | 165 600 |        |
|  | Bad debts written off                | 2 800   |        |
|  | Receipts from credit customers       | 155 010 |        |
|  | Discount allowed to credit customers | 4 560   |        |
|  | Contra with supplier's account       | 1 300   |        |
|  | Cheque refund to a credit customer   | 90      |        |
| At 1 January 2015                      | Trade receivables balances           | ?       | debit  |
|  |                                      | 200     | credit |
|  | Inventory                            | 28 800  |        |

Mark up on goods sold 50%.

**REQUIRED**

(a) Calculate Kriti's purchases for the year.

.....

.....

.....

.....

.....

.....

.....

.....

[6]

(b) Prepare the sales ledger control account for the year ended 31 December 2014. Balance the account and bring down the balance on 1 January 2015.

Kriti  
Sales ledger control account

| Date  | Details | \$    | Date  | Details | \$    |
|-------|---------|-------|-------|---------|-------|
| ..... | .....   | ..... | ..... | .....   | ..... |
| ..... | .....   | ..... | ..... | .....   | ..... |
| ..... | .....   | ..... | ..... | .....   | ..... |
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| ..... | .....   | ..... | ..... | .....   | ..... |
| ..... | .....   | ..... | ..... | .....   | ..... |

[10]

(c) State **two** reasons why Kriti maintains a sales ledger control account.

1 .....  
.....

2 .....  
.....

[2]

(d) State **one** reason why a credit balance on a sales ledger control account can arise.

.....  
.....

[1]

(e) State why a sales ledger control account does **not** contain an entry for a provision for doubtful debts.

.....

..... [1]

**[Total: 20]**

5 Harrington provided the following information.

|  |                                  |        |
|--|----------------------------------|--------|
|  |                                  | \$     |
| At 1 January 2014                      | Inventory – raw materials        | 5 600  |
|  | – work in progress               | 1 900  |
|  | – finished goods                 | 4 600  |
| For the year ended<br>31 December 2014 | Purchases of raw materials       | 71 100 |
|  | Raw materials returned           | 1 000  |
|  | Raw materials taken for own use  | 2 000  |
|  | Carriage on raw materials        | 2 100  |
|  | Carriage outwards                | 4 050  |
|  | Direct labour                    | 52 550 |
|  | Depreciation of machinery        | 4 400  |
|  | Depreciation of office equipment | 3 200  |
|  | Discount allowed                 | 3 050  |
|  | Discount received                | 1 010  |
|  | Salesman's salary                | 19 840 |
|  | Administration costs             | 20 070 |
|  | Factory rent                     | 20 000 |
|  | Office rent                      | 10 000 |
| At 31 December 2014                    | Inventory – raw materials        | 4 200  |
|  | – work in progress               | 1 800  |
|  | – finished goods                 | 5 500  |

### REQUIRED

- (a) Complete the following table. Indicate with a tick (✓) which **costs** from this data appear in the overheads section of the manufacturing account and which appear in the income statement. One cost has been shown as an example.

| Cost               | Overheads section of the manufacturing account | Income statement |
|--------------------|--|------------------|
| <i>Office rent</i> |  | ✓                |
|                    |  |                  |
|                    |  |                  |
|                    |  |                  |
|                    |  |                  |
|                    |  |                  |
|                    |  |                  |
|                    |  |                  |

[7]



6 Arun's draft financial statements showed the following.

|                    |                                       | \$     |       |
|--------------------|---------------------------------------|--------|-------|
| At 1 February 2014 | Capital account balance               | 28 400 |       |
| For the year ended |                                       |        |       |
| 31 January 2015    | Draft profit for the year             | 26 200 |       |
|                    | Drawings                              | 10 000 |       |
| At 31 January 2015 | Fixtures and fittings (at book value) | 20 800 |       |
|                    | Motor vehicles (at book value)        | 12 100 |       |
|                    | Inventory                             | 15 900 |       |
|                    | Trade receivables                     | 8 700  |       |
|                    | Bank                                  | 1 100  | debit |
|                    | Trade payables                        | 14 000 |       |

Additional information

- 1 Prepaid insurance, \$400, at the year end, had not been accounted for.
- 2 Bad debts, \$600, were yet to be written off.
- 3 Goods taken for own use, \$2000, had not been recorded.
- 4 Interest credited on the bank statement, \$50, had not been entered in the books of account.

**REQUIRED**

(a) Calculate Arun's correct profit for the year ended 31 January 2015.

Arun  
Statement of corrected profit for the year ended 31 January 2015

|                  | Increase<br>\$ | Decrease<br>\$ | \$     |
|------------------|----------------|----------------|--------|
| Draft profit     |                |                | 26 200 |
| Adjustment 1     |                |                |        |
| Adjustment 2     |                |                |        |
| Adjustment 3     |                |                |        |
| Adjustment 4     |                |                |        |
|                  |                |                |        |
| Corrected profit |                |                |        |

[5]

(b) Prepare Arun’s statement of financial position at 31 January 2015.

Arun  
Statement of Financial Position at 31 January 2015

|       | \$    | \$    |
|-------|-------|-------|
| ..... | ..... | ..... |
| ..... | ..... | ..... |
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| ..... | ..... | ..... |
| ..... | ..... | ..... |

[10]

(c) Explain the following accounting principles. Give **one** example of each principle.

1 accruals (matching)

.....

.....

.....

Example

.....

2 business entity

.....

.....

.....

Example

.....

[6]

(d) Complete the table by placing a tick (✓) to indicate how the adjustment for goods for own use affects the following ratios.

|                                      | Increase | Decrease |
|--------------------------------------|----------|----------|
| Gross profit margin                  |          |          |
| Rate of inventory turnover (in days) |          |          |
| Net profit margin                    |          |          |
| Return on capital employed           |          |          |

[4]

**[Total: 25]**

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