

Cambridge International Examinations

Cambridge International General Certificate of Secondary Education

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	CENTRE NUMBER	CANDIDATE NUMBER		
	ACCOUNTING		0452/13	
	Paper 1		May/June 2015	
			1 hour 45 minutes	
		wer on the Question Paper. laterials are required.		
	READ THESE I	NSTRUCTIONS 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.

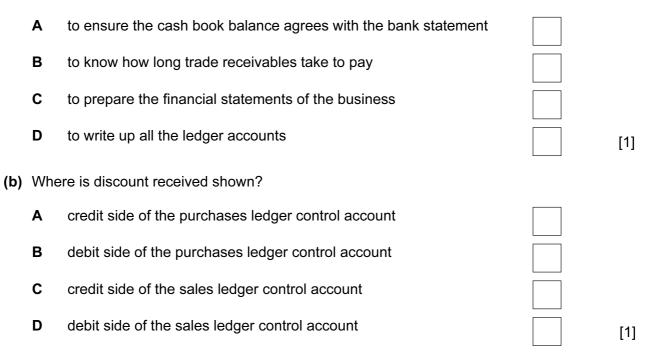
This document consists of 21 printed pages and 3 blank pages.



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 (\checkmark) in the box to indicate the correct answer.

1 (a) What is the purpose of accounting?

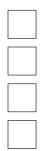


(c) Pedro spent \$8410 buying a new vehicle. The invoice showed

	\$
Vehicle	8000
Number plates	50
Insurance for 24 months	360

How much was the capital expenditure?

- **A** \$8050
- **B** \$8180
- **C** \$8230
- **D** \$8360



[1]

What was the net book value at the end of year 2?

- **A** \$4000
- **B** \$4900
- **C** \$5100
- **D** \$6000



(e) Albert maintains a provision for doubtful debts account. Where is the closing balance on the account included in the financial statements?

Α	as an expense in the income statement	
В	as a revenue in the income statement	
С	in the current assets section of the statement of financial position	
D	in the current liabilities section of the statement of financial position	[1]

(f) Why is inventory valued at net realisable value when this is lower than cost?

Α	to calculate the rate of inventory turnover	
В	to ensure the balancing of the statement of financial position	
С	to prevent profit being recorded before it is earned	
D	to recognise losses as soon as they are incurred	[1]

(g) Abdul started a business by transferring his own vehicle to the business at a valuation of \$9000 and introducing a sum of cash.

In the first year of trading profit was \$2000. At the end of the first year the balance on his capital account was \$51000.

How much cash did Abdul introduce?

Α	\$40 000	
В	\$44 000	
С	\$58 000	
D	\$62 000	

(h) A manufacturing business provided the following information.

	\$
Opening inventory of finished goods	17 000
Closing inventory of finished goods	12 000
Cost of production for the year	100 000
Purchases of finished goods for the year	70 000

What was the cost of sales for the year?

Α	\$75 000
в	\$105 000
С	\$170 000
D	\$175 000

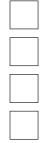


	Agnes	Brian
Trade receivables collection period	31 days	40 days

Which statement is true?

Α	Agnes receives money from customers sooner than Brian.		
В	Agnes pays her suppliers sooner than Brian.		
С	Brian receives money from customers sooner than Agnes.		
D	Brian pays his suppliers sooner than Agnes.	[1]

[1]



[1]

4

- (j) When is accounting information relevant?
 - A when it can be compared with information for other periods
 B when it can be understood by the users of the accounts
 C when it changes business decisions
 D when it is free from error and bias

[Total: 10]

2 (a) Complete the following table. Indicate with a tick (✓) whether each item is an asset or a liability. The first item has been completed as an example.

	Asset	Liability
Office equipment	\checkmark	
Prepaid rent		
Accrued wages		
Bank loan		
Inventory of goods for resale		
Inventory of stationery for office use		
Amount due to creditor		

[6]

(b) Complete the following sentences using the word 'debit' or 'credit'.

An asset account has a	 balance.	
A liability account has a	 balance.	
An expense account has a	 balance.	
An income account has a	 balance.	[4]

(c) Give one example of an expense account.

[1	1
 •	4

(d) Name the financial statement in which expenses are recorded.

.....[1]

(e) Complete the following table. Enter the word 'true' or 'false' against each statement. The first has been completed as an example.

Every transaction has a two fold aspect	True
Costs must be matched against related income	
Revenue can be recorded before it is earned	
Staff expertise can be recorded in the financial statements	

Lamoudi has an accounting year end of 31 December.

On 1 April 2013 he paid \$1200, by cheque, for a year's insurance starting on that date. On 1 April 2014 he paid \$1440, by cheque, for insurance for twelve months to 31 March 2015.

REQUIRED

(f) Prepare Lamoudi's insurance account for the year ended 31 December 2014. Balance the account and bring down the balance on 1 January 2015.

Date	Details	\$ Date	Details	\$
				[5]

Lamoudi Insurance account

(g) State one reason why a trader might prepare a trial balance.

[1]

Ebenon, a sole trader, extracted the following balances from his books of account on 31 December 2014.

	\$
Motor vehicles	38 000
Provision for depreciation of motor vehicles	10 000
Sales	190 000
Purchases	103 000
Rent	4 000
Wages and salaries	41 000
Sundry expenses	6 800
Drawings	23 000
Trade payables	5 000
Trade receivables	7 000
Bank overdraft	1 500
Cash	100
Purchase returns	600
Inventory	12 000
Capital	?

REQUIRED

(h) Prepare Ebenon's trial balance at 31 December 2014.

	Debit	Credit
	\$	\$
Motor vehicles		
Provision for depreciation of motor vehicles		
Sales		
Purchases		
Rent		
Wages and salaries		
Sundry expenses		
Drawings		
Trade payables		
Trade receivables		
Bank overdraft		
Cash		
Purchase returns		
Inventory		
Capital		

Ebenon Trial Balance at 31 December 2014

[8]

(i) Give the date to which the inventory in the trial balance relates.

[1]

[Total: 30]

3 (a) Name two books of prime (original) entry which a trader may keep. In each case name a source document for that book. An example has been provided.

Book of prime (original) entry	Source document
Cash book	Cheque counterfoil

[4]

(b) State one reason why a trader might use books of prime (original) entry.

......[1]

(c) Name the two accounts which are posted with the totals from a three column cash book.

1	
2	 [2]

Abdoulaye received a cheque from Pierre which was subsequently dishonoured.

REQUIRED

(d) State what is meant by a dishonoured cheque.

[1]

(e) State how Abdoulaye recorded the dishonouring of the cheque.

Account debited	Account credited

[2]

(f) Name the statement prepared by Abdoulaye to ensure that his bank account is free from error.

[1]

Abdoulaye has a bank overdraft.

REQUIRED

(g) Explain what is meant by a bank overdraft.



(h) Complete the following table using a tick (✓) to indicate whether Abdoulaye's cash book and his bank statement have a debit or a credit balance.

	Debit balance	Credit balance
Cash book		
Bank statement		

[2]

Abdoulaye withdrew \$200 from the bank for personal use.

REQUIRED

(i) State how this is recorded in the books of account.

Account debited	Account credited

[2]

[Total: 17]

- **4** At 1 February 2014, Green Meadow Limited had the following shares and debentures.
 - 250 000 ordinary shares of \$0.50 each 100 000 8% preference shares of \$1 each \$50 000 6% debentures (2019)

The following balances were extracted from the books on 31 January 2015.

	\$	
Retained earnings	65 000	
Plant and equipment (at book value)	184 000	
Motor vehicles (at book value)	87 000	
Trade payables	43 000	
Trade receivables	57 000	
Inventory	63 000	
Bank	2 000	debit
Long term bank loan (5%)		
(taken out in 2013)	10 000	

REQUIRED

(a) Prepare the statement of financial position at 31 January 2015.

\$

Green Meadow Limited Statement of Financial Position at 31 January 2015

[10]

Following additional information is available:

- 1 Retained earnings at 1 February 2014 were \$51 500.
- 2 The interim ordinary dividend paid during the year was \$0.04 per share.
- 3 The preference dividend was paid on time.

REQUIRED

- (b) Calculate the profit for the year ended 31 January 2015.
- (c) Calculate the profit from operations (profit before interest) for the year ended 31 January 2015.

[4]

[4]

(d)	Calculate the return on capital employed (ROCE).	
		F 41
(e)	State one reason why the directors would wish to know the ROCE.	[4]
		[1]
(f)	State why the directors chose to issue debentures rather than issue more ordinary shares.	
		[1]
	[Total:	24]

5 Antoinette provided the following information.

Revenue for the year ended 30 November 2014	\$1000
Inventory at 1 December 2013	\$60
Inventory at 30 November 2014	\$40
Gross profit margin	40%
Net profit margin	15%

REQUIRED

(a) Calculate the following for the year ended 30 November 2014.

Gross profit	
Cost of sales	
Purchases	
Profit for the year	
Expenses	
	 [7]

Antoinette's brother, Louis, has a business selling similar type of goods.

His gross profit margin is 40% and his net profit margin is 20%.

REQUIRED

(b) State one reason for the difference in the ratios.

[1]

(c) Calculate Antoinette's inventory turnover in days. Round up your answer to the next whole day.[4] (d) Suggest two reasons why Louis' inventory turnover is faster than Antoinette's. 1 [2] 2 (e) State two advantages to Antoinette of going into partnership with Louis. 1 2 [Total: 16] 6 The Healthy Ways Sports Club provided the following information.

	At 31 December 2013 \$	At 31 December 2014 \$		
Subscriptions in advance	100	50		
Subscriptions in arrears	350	500		
Trade payables for café supplies	590	820		
Inventory of café supplies	600	800		
Sports equipment at valuation	18 700	20 100		
Accrued wages for sports club staff	-	300		
Receipts and payments during the year ended 31 December 2014				
Dessints		\$		
Receipts		19 100		
Subscriptions received Café receipts	4 900			
Cale receipts		4 900		
Payments				
Café supplies		3 710		
New sports equipment		4 600		
Staff wages – café		1 800		
– sports club		7 200		
Rent and insurance – sports		4 800		
Sundry expenses – sports o	lub	1 850		

REQUIRED

(a) Prepare the subscriptions account for the year ended 31 December 2014. Balance the account and bring down the balances on 1 January 2015.

Date	Details	\$ Date	Details	\$

Healthy Ways Sports Club Subscriptions account

[6]

(b) Prepare the total trade payables account for the year ended 31 December 2014 to determine the café purchases.

Date	Details	\$ Date	Details	\$

Healthy Ways Sports Club Total trade payables account

[4]

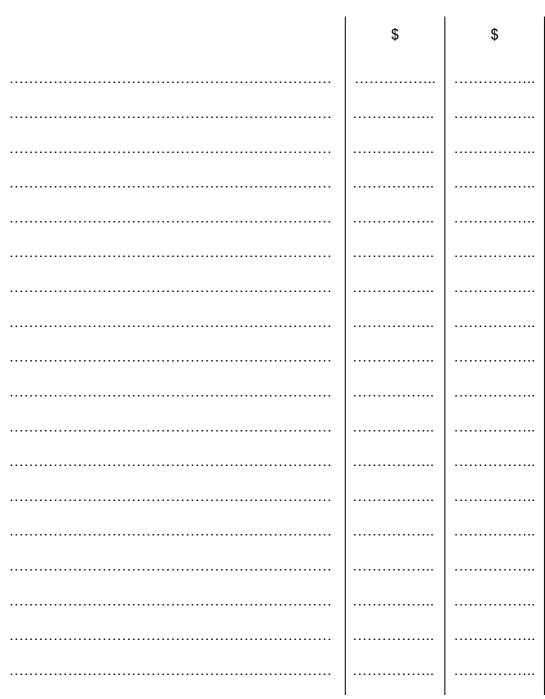
(c) Prepare the café income statement for the year ended 31 December 2014.

····· ······ ······ ··················	
	\$ \$

Healthy Ways Sports Club Café Income Statement for the year ended 31 December 2014

[6]

(d) Prepare the income and expenditure account for the year ended 31 December 2014.



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Healthy Ways Sports Club Income and Expenditure Account for the year ended 31 December 2014

[7]

[Total: 23]

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