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Cambridge Assessment International Education

Cambridge IGCSE™

ACCOUNTING **0452/12**

Paper 1 Multiple Choice **February/March 2023**

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)

* 9 9 3 6 9 7 9 4 5 6 *

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 **16** pages. Any blank pages are indicated.

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1 What is the purpose of accounting?

A to enter each business transaction twice in the books of account

B to prepare financial statements and provide information for decision making

C to prove that the total of the debit entries equals the total of the credit entries

D to provide financial information for the business's bank manager

2 How would a business owner know that he is receiving a return on his investment?

A His bank account is no longer overdrawn.

B His drawings have increased.

C His income statement shows a profit for the year.

D His working capital has increased during the year.

3 What is the correct order of processing accounting data using the double entry system?

A business documents, journals, ledgers, trial balance

B journals, business documents, ledgers, trial balance

C ledgers, business documents, trial balance, journals

D trial balance, business documents, ledgers, journals

4 Ada bought goods on credit from Zuri. Later, she returned some of the goods to Zuri.

How did Ada record the return in her books?

	account debited	account credited
A	purchases returns	Zuri
B	sales returns	Zuri
C	Zuri	purchases returns
D	Zuri	sales returns

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5 Samir owns a shop. To determine his selling price he marks up his inventory by 50%. He took inventory for his own use costing $100 but did not pay for it.

How should this be entered in the accounts?

	debit	credit
A	drawings $100	purchases $100
B	drawings $150	purchases $150
C	trade receivables $100	sales $100
D	trade receivables $150	sales $150

6 In April, Meena sent Ralph invoices for $170, $240, $125 and a credit note for $63. In the same month, Ralph sent Meena a debit note for $70 and a cheque for $107. There was no opening balance on Meena's account at the start of April.

What was the balance on Meena's account in Ralph's books on 1 May?

A $295 credit

B $295 debit

C $365 credit

D $365 debit

7 On 1 May, Bashir purchases goods on credit with a list price of $200. He is given a trade discount of $20. If payment is made within 28 days a cash discount of $10 will be given.

Which amount is credited to the supplier's account on 1 May?

A $170 **B** $180 **C** $190 **D** $200

8 The following errors were found after a trial balance had been completed.

The total of the sales account was overstated by $25.

The total of the wages account was overstated by $25.

Which statement is correct about the trial balance that had been completed?

A The total of the debit column was $25 more than that of the credit column.

B The total of the credit column was $50 more than that of the debit column.

C The total of the debit column was $50 more than that of the credit column.

D The total of the debit column and the total of the credit column were equal.

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9 The following trial balance failed to balance.

	debit $	credit $
premises at cost	60 000	
fittings at cost	20 000	
provision for depreciation of fittings		4 000
bank loan	30 000	
purchases	85 904	
sales		181 657
general expenses		16 471
trade receivables	9 384	
trade payables	7 168	
wages	34 000	
bank overdraft	1 477	
cash in hand	236	
opening inventory		4 577
capital		6 270

Which items have been entered onto the **wrong** side of the trial balance?

A bank loan, general expenses, trade payables, bank overdraft, opening inventory

B purchases, sales, trade payables, bank overdraft, cash in hand

C premises at cost, bank loan, sales, trade payables, opening inventory

D trade payables, trade receivables, wages, cash in hand, capital

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10 Mona paid $32 000 for a new motor vehicle. This included $100 for fuel and $250 for road tax. She debited the purchases account and credited the bank account with $32 000.

Which journal entry corrects this error?

		debit $	credit $
A	motor vehicle	32 000	
	purchases		32 000
B	purchases	32 000	
	motor vehicles		32 000
C	motor vehicles	31 650	
	motor vehicle expenses	350	
	purchases		32 000
D	purchases	32 000	
	motor vehicles		31 650
	motor vehicle expenses		350

11 Shazia's trial balance failed to agree and the difference was placed in a suspense account.

Shazia discovered the following errors.

1 A cheque received, $280, had been credited to the bank account.

2 A cheque to Nunu, $50, had not been entered in Nunu's account.

What was the balance on the suspense account **before** the errors were corrected?

A $230 debit

B $330 credit

C $510 credit

D $610 debit

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12 On 31 July, the bank column in Jay's cash book showed he had $312 in the bank. On the same date, his bank statement showed a debit balance of $53.

It was found that bank charges, $47, had not been recorded in the cash book and a cheque, $318, from a customer had not been credited by the bank.

What is the bank balance that should be shown in Jay's statement of financial position on 31 July?

A $265 asset

B $324 liability

C $359 asset

D $371 liability

13 Why is a sales ledger control account prepared?

A to enable the income statement to be prepared quickly

B to ensure that all ledger accounts are accurate

C to provide a summary of transactions with credit customers

D to show the amount due from each trade receivable

14 Jason provided the following information.

		$
March 1	sales ledger control account balance	400 debit
31	credit sales	520
	cheques received from trade receivables	300
	bad debts written off	45
	cheque received from a credit customer dishonoured	10

What was the debit balance on the sales ledger control account on 31 March?

A $565 **B** $585 **C** $620 **D** $655

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15 The following payments were made when a new machine was purchased.

	$
cost of the machine	32 000
charge for delivering the machine	1 800
insurance of the machine	2 000
wages of employees installing the machine	1 300

How much was the capital expenditure?

A $32 000 **B** $33 300 **C** $35 100 **D** $37 100

16 Why should a manufacturer charge depreciation on her factory equipment?

A to calculate the residual value of the equipment

B to provide for the replacement of the equipment

C to spread the flow of cash over a number of years

D to spread the cost of the equipment over its useful life

17 A manufacturer provided the following information.

		$
at 1 January 2022	machinery at cost	20 000
	provision for depreciation of machinery	7 200
	loose tools at valuation	2 100

Machinery is depreciated at 20% per annum using the reducing balance method.

Additional loose tools were purchased in August 2022 for $300. No depreciation is provided on loose tools purchased during the financial year.

On 31 December 2022, loose tools more than 12 months old were valued at $1850.

What was the depreciation charge for the year ended 31 December 2022?

	machinery $	loose tools $
A	2560	250
B	2560	550
C	4000	250
D	4000	550

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18 A trader made the following entries in his ledger.

account debited	account credited
irrecoverable debts	Peter

What was he recording?

A A credit customer has failed to pay within the agreed time limit.

B A debt which had been written off has now been recovered.

C An amount owed by a customer cannot be recovered.

D The trader has been unable to pay his supplier.

19 The balances in the books of Julie on 1 July 2021 included the following.

	$
trade receivables	64 200
provision for doubtful debts	1 284

Trade receivables at 30 June 2022 were $58 500, of which $500 should be written off as irrecoverable.

Julie wants to maintain her provision for doubtful debts at 2% of trade receivables.

What was the change in the provision for doubtful debts at 30 June 2022?

A $114 decrease

B $124 decrease

C $376 increase

D $386 increase

20 When valuing his closing inventory, Asim omitted goods costing $990.

What is the effect of this error?

	gross profit	equity
A	overstated	overstated
B	overstated	understated
C	understated	overstated
D	understated	understated

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21 The owner of a restaurant is concerned about high operating costs.

Which statement will show the operating costs for the year?

A bank statement

B bank reconciliation statement

C income statement

D statement of financial position

22 A service business provided the following information at the end of the year.

	$
non-current assets	16 000
trade receivables	150
capital	14 100
trade payables	800

What was the bank balance?

A $1250 credit

B $1250 debit

C $2850 credit

D $2850 debit

23 How is interest on drawings recorded in the books of a partnership?

	debit	credit
A	appropriation account	partner's capital account
B	appropriation account	partner's current account
C	partner's capital account	appropriation account
D	partner's current account	appropriation account

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24 Javed and Yani were in a partnership, sharing profits and losses equally. The residual profit for the year, after appropriation, was $47 000. Yani provided the following information.

Yani	$
interest on capital	2 400
interest on drawings	600
salary	3 000
drawings	18 000

Yani's current account balance at the start of the year was $1500 credit.

What was Yani's current account balance at the end of the year?

A $5800 credit

B $8200 credit

C $8800 credit

D $11 800 credit

25 A limited liability company is formed.

Who has limited liability?

A directors

B employees

C lenders

D shareholders

26 Which statements are correct in relation to the financial statements of a limited company?

1 Ordinary dividend paid is shown in the income statement.

2 A transfer to the general reserve is shown in the statement of changes in equity.

3 Debentures issued are shown in the statement of changes in equity.

4 Proposed dividend is not shown in the income statement.

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

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27 A golf club sells refreshments to its members. Suppliers of refreshments were owed $250 on 1 January 2022 and $400 on 31 December 2022. Payments to suppliers during the year were $7200.

The inventory at the end of the year was $100 less than the inventory at the start of the year.

What was the cost of sales of refreshments for the year ended 31 December 2022?

A $7050 **B** $7150 **C** $7300 **D** $7450

28 A social club provided the following information.

	$
subscriptions paid in advance at 31 December 2021	40
subscriptions paid in advance at 31 December 2022	50
subscriptions received during the year 2022	660

What was the amount of subscriptions in the income and expenditure account for the year ended 31 December 2022?

A $570 **B** $650 **C** $660 **D** $670

29 A manufacturing business provided the following information for the year ended 30 November 2022.

	$
factory supervisor's salary	25 000
factory heat and light	5 000
machinery depreciation	11 000
machinery operators' wages	29 000
raw materials consumed	82 000

What was the total of the direct costs?

A $111 000 **B** $116 000 **C** $127 000 **D** $152 000

30 Where is work-in-progress shown in the statement of financial position of a manufacturing business?

A current assets

B current liabilities

C non-current assets

D non-current liabilities

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31 How is profit calculated from incomplete records?

A closing capital + opening capital – drawings

B closing capital – opening capital + drawings

C opening capital + closing capital + drawings

D opening capital – closing capital – drawings

32 A company provided the following list of balances at 30 September 2022.

	$
cash in hand	150
bank loan – repayable 31 December 2022	2 000
bank loan – repayable 1 May 2024	3 000
bank overdraft	400
trade receivables	8 000
other receivables	275
inventory	24 000
trade payables	6 000
other payables	95

What was the current ratio?

A 1 : 1 **B** 2.83 : 1 **C** 3.82 : 1 **D** 4.06 : 1

33 Alan provided the following information about his business.

liquid (acid test) ratio	2.5 : 1
current liabilities	$12 000
inventory	$6000

What was the value of his current assets?

A $15 000 **B** $24 000 **C** $30 000 **D** $36 000

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34 A trader wants to improve her gross margin.

How can this be done?

A Reduce administrative expenses.

B Reduce depreciation of equipment.

C Reduce rate of cash discount allowed.

D Reduce rate of trade discount allowed.

35 To finance further expansion, a business owner paid $10 000 into the business bank account.

In the ledger, a debit entry was made in the bank account and a credit entry made in the capital account.

Which accounting principles were being applied?

A business entity and prudence

B business entity and duality

C matching and duality

D matching and prudence

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