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Cambridge Assessment International Education

Cambridge IGCSE™

ACCOUNTING **0452/12**

Paper 1 Multiple Choice **October/November 2025**

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)

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 **12** pages.

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1 What is **not** an example of a book-keeping entry?

A an entry made in the bank column of the cash book for a cheque received

B any goods returned by a customer entered in the sales returns journal

C cost of goods purchased on credit entered in the supplier's account

D expenses paid during the year entered in the income statement

2 What are liabilities?

A amounts that are owed to or owned by a business

B amounts that are owed to others for resources provided

C amounts that need to be written off

D amounts that the owner owes to the business

3 Sally maintains a full set of accounting records.

She has entered the following transactions in her cash book.

1 A cheque for $200 was received from a credit customer.

2 An insurance premium of $200 was paid by cheque.

3 Petrol for the delivery van was paid for in cash.

4 Total cash sales of $400 were received.

Which transactions will then be entered into the nominal ledger?

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

4 An account in the purchases ledger of X Limited has a debit balance.

What does this balance represent?

A an amount owed by X Limited

B an amount paid to X Limited

C a prepayment made by X Limited

D total purchases made by X Limited

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5 The following account appeared in the books of Mary.

Paul account					
		$			$
April 1	balance b/d	90	April 21	returns	25
14	sales	150	30	bank	88
				discount	2
		___		balance c/d	125
		240			240

Which statement is correct?

A On 1 April, Paul owed Mary $90.

B On 14 April, Paul sold goods for $150 to Mary.

C On 21 April, Mary returned goods for $25 to Paul.

D On 30 April, Mary owed Paul $125.

6 A supplier has received a debit note from a customer.

What does the supplier use this debit note for?

A to complete a statement of account

B to correct the sales journal

C to make an entry in the sales returns journal

D to prepare a credit note

7 Sue allows 2% cash discount to credit customers who settle their account within 28 days.

Jane purchased goods for $200 from Sue on 10 September but returned these goods to Sue on 15 September.

Which entry did Sue make for the transaction on 15 September?

A purchases returns journal $196

B purchases returns journal $200

C sales returns journal $196

D sales returns journal $200

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8 A trader prepared their trial balance which showed the debit column total of $45 000 and the credit column total of $40 000.

The following errors were then discovered.

1 The discount received account balance of $500 was listed in the debit column of the trial balance.

2 The returns outwards account balance of $250 was omitted from the trial balance.

3 The debit column of the trial balance was overcast by $3750.

All errors were corrected and the trial balance totals agreed.

What were the trial balance totals after the correction of errors?

A $40 500 **B** $40 750 **C** $41 000 **D** $ 44 500

9 Ahmed's trial balance totals did **not** agree. He entered the difference in a suspense account.

The following errors were later discovered.

1 A payment of $200 for a vehicle repair had been debited to the motor vehicles account.

2 Drawings of $150, correctly recorded in the cash book, had **not** been posted to the drawings account.

3 The sales journal had been undercast by $900.

What was the original balance on Ahmed's suspense account?

A $550 **B** $750 **C** $950 **D** $1050

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10 Susanne is a trader. She received a cheque from Zahir, a credit customer, for $300. This cheque was incorrectly debited to Zahir's account and credited to the bank account.

Which journal entry corrects this error?

		debit $	credit $
A	bank	300	
	Zahir		300
B	bank	600	
	Zahir		600
C	Zahir	300	
	bank		300
D	Zahir	600	
	bank		600

11 A trial balance does **not** agree, and a suspense account is opened.

Which statement is **not** correct?

A Errors of commission and errors of original entry are entered in the suspense account.

B The trial balance difference is entered in the suspense account.

C The suspense account remains open until all the errors preventing the agreement of the trial balance have been corrected.

D When all of the errors found have been corrected, there will be **no** balance carried down in the suspense account.

12 After receiving her bank statement, Lyn updated her cash book.

Which items would reduce the overdrawn balance in the cash book?

1 bank interest received

2 credit transfer received

3 direct debit payment

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

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13 Natalie is both a customer of and a supplier to Gustav.

On 28 June, Gustav's account in Natalie's purchases ledger had a credit balance of $295, and his account in Natalie's sales ledger had a debit balance of $140.

Gustav wishes to offset one amount against the other.

Which entries will Gustav make in his control accounts?

	debit	credit
A	purchases ledger control account $140	sales ledger control account $140
B	purchases ledger control account $155	sales ledger control account $155
C	sales ledger control account $140	purchases ledger control account $140
D	sales ledger control account $155	purchases ledger control account $155

14 Johnny prepared his sales ledger control account. The figures in it came from several different sources.

Which statements are correct?

1 The source of the opening balance was the sales account.

2 The discount allowed was totalled in the three-column cash book.

3 The irrecoverable debts were posted from the general journal.

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

15 At the beginning of the year on 1 January, Zac paid $420 for an equipment repair. He entered this amount in the equipment account.

At the end of the year on 31 December, depreciation of 20% per annum was charged on the balance of the equipment account, using the straight-line method.

What was the overall effect on the book value of the equipment on 31 December?

A $84 understated

B $336 overstated

C $420 overstated

D $504 understated

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16 Why does a business need to provide for depreciation in its accounting records?

A to ensure availability of funds to replace its old non-current assets

B to ensure that its current assets value is **not** overstated

C to record as an expense the amount of the non-current assets used up during the year

D to show its non-current assets at their market value

17 An asset originally costing $20 000 had been depreciated by $15 000 when it was sold for $3000.

Which entry will be shown in the disposal account to record the amount to be transferred to the income statement?

A $2000 credit

B $2000 debit

C $8000 credit

D $8000 debit

18 Why should prepaid income be shown in the financial statements of a business?

A so that credit customers pay the correct amount

B so that payments to credit suppliers are correctly recorded

C so that the statement of financial position shows the correct current assets

D so that the total income is matched against the total costs of the same period

19 What is the effect on total assets and on equity in the statement of financial position if the value of closing inventory is overstated?

	total assets	equity
A	overstated	overstated
B	overstated	understated
C	understated	overstated
D	understated	understated

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20 Who works in a service business?

1 a hairdresser

2 an estate agent

3 a car mechanic

4 a car salesperson

A 1, 2 and 3

B 1 and 2 only

C 2, 3 and 4

D 3 and 4 only

21 At the beginning of the year on 1 January, Keith was owed $1500 commission by clients.

During the year, Keith received $18 000 commission.

At the end of the year on 31 December, Keith was owed $800 commission by clients.

How much commission did Keith record in his income statement for the year ended 31 December?

A $15 700 **B** $17 300 **C** $18 700 **D** $20 300

22 Jack and Gill are setting up in business as partners and are considering writing up a partnership agreement.

What is **not** included in any partnership agreement drawn up by them?

A the rate of interest to be charged on drawings

B the rate of interest to be paid on a loan from a partner

C the rate of interest to be paid on a loan received from the bank

D the rate of interest to be paid on the capital invested by each partner

23 Raj and Rohit are in partnership sharing profits and losses in the ratio of 2 : 1. Raj is entitled to an annual salary of $3000. The profit for the year was $14 100 for the year ended 31 December 2024.

On 1 January 2024, Raj's current account had a debit balance of $1800.

What was the credit balance on Raj's current account on 1 January 2025?

A $8600 **B** $10 400 **C** $12 200 **D** $12 400

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24 BCD Limited provided the following information.

	$
ordinary shares	300 000
retained earnings	200 000
debentures	170 000

How much was the equity and the capital employed of BCD Limited?

	equity $	capital employed $
A	300 000	470 000
B	300 000	670 000
C	500 000	470 000
D	500 000	670 000

25 Which statement correctly describes called-up share capital?

A all share capital which has been issued to shareholders

B shares which have been issued and those **not** yet issued

C the share capital for which payment has been requested

D the value of shares for which payment has been received

26 A sports club was established on 1 January. It has a clubhouse and also runs a snack bar for its members.

Which items would be included in the receipts and payments account for the first year ended 31 December?

1 new furniture to be used in the clubhouse, paid by credit transfer

2 subscriptions paid by club members in advance for the next financial year

3 subscriptions owing by club members at the end of the financial year

4 snack bar wages owing at the end of the financial year

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

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27 A sports club started running a café, selling hot and cold drinks and confectionery, on 1 January 2024.

The following information is given for the year ended 31 December 2024.

	$
sales	3200
purchases	1750
wages paid to café assistant	500
inventory at 31 December 2024	250

What is the profit on the café for the year ended 31 December 2024?

A $700 **B** $950 **C** $1200 **D** $1450

28 A manufacturing business provided the following information.

	$
prime cost	236 000
factory overheads	42 000
opening work in progress	8 000
closing work in progress	6 000

What was the factory cost of production transferred to the income statement?

A $234 000 **B** $238 000 **C** $276 000 **D** $280 000

29 Gem has been in business for many years. On 1 March, Gem purchased a new factory. On that date, he paid three months' insurance on his factory, totalling $900.

What should Gem enter for insurance in his statement of financial position on 31 March?

A $300 in current assets

B $300 in current liabilities

C $600 in current assets

D $600 in current liabilities

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30 Munira has **not** maintained a full set of accounting records.

How would she calculate her credit purchases figure for a month?

A payments to credit suppliers + closing trade payables – discounts received – opening trade payables

B payments to credit suppliers – closing trade payables + discounts received + opening trade payables

C payments to credit suppliers – closing trade payables – discounts received + opening trade payables

D payments to credit suppliers + closing trade payables + discounts received – opening trade payables

31 The assets of a business increased by $22 000 and its liabilities decreased by $6000 over a one-year period.

During this period, the owner invested an additional $4000 of private funds into the business and withdrew $7000 for personal use.

How much was the profit for the year?

A $13 000 **B** $17 000 **C** $19 000 **D** $31 000

32 Jonny provided the following information.

	$
inventory	3500
cash	100
bank overdraft	1900
trade receivables	2400
trade payables	2100

What was Jonny's current ratio?

A 1.33 : 1 **B** 1.50 : 1 **C** 1.58 : 1 **D** 1.95 : 1

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33 Jose runs a business providing accounting and book-keeping services.

What is **not** relevant in analysing his business financial statements?

A current ratio

B profit margin

C rate of inventory turnover

D return on capital employed

34 Jamila's business sells one type of product only. She provided the following information.

	year 1	year 2
number of units sold	1000	1000
sales revenue	$8000	$10 800
rate of inventory turnover	28 days	31 days

What happened in year 2?

A The sales price decreased, and goods were sold faster.

B The sales price decreased, and goods were sold more slowly.

C The sales price increased, and goods were sold faster.

D The sales price increased, and goods were sold more slowly.

35 Antionette decides to treat a calculator bought for her large business as an expense instead of as a non-current asset even though it will be used for several years.

Which principle did Antionette apply in deciding to account for the calculator as an expense?

A duality

B historic cost

C materiality

D money measurement

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