

UNIVERSITY OF CAMBRIDGE INTERNATIONAL EXAMINATIONS International General Certificate of Secondary Education

| CANDIDATE NAME | | |
|-------------------|---|---------------------|
| CENTRE NUMBER | | CANDIDATE NUMBER |
| ACCOUNTING | ; | 0452/12 |
| Paper 1 | | May/June 2013 |
| | | 1 hour 45 minutes |
| | swer on the Question Paper. ⁄Iaterials 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 a soft pencil for any diagrams or graphs.

Do not use staples, paper clips, highlighters, 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 20 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 (\checkmark) in the box to indicate the correct answer.

- 1 (a) Which book of prime (original) entry is written up from copies of invoices issued?
 - A purchases journal
 - B purchases ledger
 - C sales journal
 - D sales ledger
 - (b) John Smith provided the following information:

| | \$ |
|---|-------------|
| balance on purchases ledger control account on 1 May 2013 | 3920 credit |
| total of purchases journal on 31 May 2013 | 8380 |
| total of purchases returns journal on 31 May 2013 | 270 |
| cheques paid to creditors in May 2013 | 7660 |

What was the balance on the purchases ledger control account on 1 June 2013?

| Α | \$2930 credit |
|---|---------------|
| В | \$4370 credit |
| С | \$2930 debit |
| D | \$4370 debit |

(c) The revaluation method of depreciation is most suitable for which non-current asset?

- A computers
- B delivery van
- **C** filing cabinets
- D loose tools

| [4] |
|---------|
| [1] |







(d) Joe allows his debtors one month's credit. He provides the following information at the end of his financial year on 31 May 2013.

Ann owes \$100 for goods supplied on 1 April 2013.

Bill owes \$50 for goods supplied on 1 June 2011 and Joe has been unable to contact Bill.

Carl owes \$200 for goods supplied on 1 May 2013, but Carl has said he will not be able to pay before July 2013.

How much should Joe write off as bad debts on 31 May 2013?

- **A** \$50
- **B** \$150
- **C** \$250
- **D** \$350
- (e) How should inventory be valued?
 - A higher of selling price and cost
 - **B** higher of net realisable value and cost
 - **C** lower of selling price and cost
 - D lower of net realisable value and cost

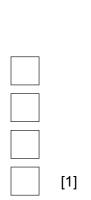
(f) The following information is provided.

| | \$ |
|-------------------|---------|
| revenue | 220 000 |
| purchases | 130 000 |
| opening inventory | 10 000 |
| closing inventory | 12000 |

What is the cost of goods sold?

- **A** \$90 000
- **B** \$92 000
- **C** \$128 000
- **D** \$132 000

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[1]

[1]

For

Examiner's Use (g) Amy and Beth are in partnership, sharing profits equally. No salaries are paid to the partners.

For Examiner's Use

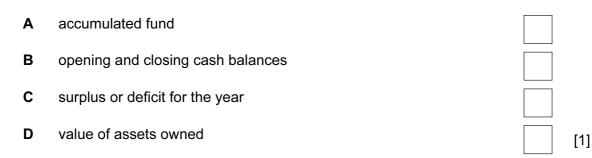
They provided the following information for the financial year ended 31 December 2012.

| | | \$ |
|--|------|---------|
| profit for the year | | 100 000 |
| interest charged on partners' drawings | Amy | 6000 |
| | Beth | 4000 |

How much was credited to Beth's current account for the year ended 31 December 2012?

- **A** \$50 000
- **B** \$51 000
- **C** \$55 000
- **D** \$59 000

(h) What does a receipts and payment account show?



(i) The table shows the performance of two businesses, X and Y, in a financial year.

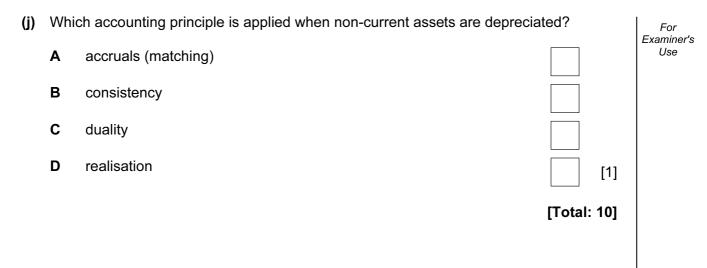
| business | gross profit as a % of sales | net profit as a % of sales |
|----------|------------------------------|----------------------------|
| Х | 33.5 | 8.6 |
| Y | 28.0 | 11.5 |

What is revealed by comparing the ratios for X and Y?

- **A** X controls its overhead expenses better than Y.
- **B** Y controls its overhead expenses better than X.
- **C** X's cost of sales is higher than Y's.
- **D** Y's cost of sales is higher than X's.



[1]



2 (a) State the accounting equation.
[1]
(b) Explain the difference between book-keeping and accounting.
[4]

The following balances are taken from Teresa's books of account on 31 January 2013.

| | \$ |
|------------------------------|---------|
| Drawings | 29 100 |
| Vehicles | 16 200 |
| Rent | 3 400 |
| Inventory at 1 February 2012 | 19 100 |
| Equipment | 12 100 |
| Trade payables | 16 600 |
| Trade receivables | 19 300 |
| Sales | 210 100 |
| Purchases | 131 600 |
| Carriage inwards | 400 |
| Discount received | 1 100 |
| Bank overdraft | 17 000 |
| Wages | 21 800 |
| General expenses | 11 200 |
| Capital | ? |

(c) Complete Teresa's trial balance at 31 January 2013 showing her capital account balance.

| | | Teresa Trial Balance at 31 January | 2013 | | | |
|-----|--|--|--------------|---------------------|---|-----|
| | V F II E T T S F C C E V O | Drawings /ehicles Rent nventory at 1 February 2012 Equipment Trade payables Frade receivables Sales Purchases Carriage inwards Discount received Bank overdraft Vages General expenses Capital | \$ | \$ | | |
| (d) | Name and exc | plain two errors which would not affe | ect the bala | ancing of a trial b | - | [8] |
| () | Name of error | | | - | | |
| | Explanation | | | | | |
| | | | | | | |
| | Name of error | | | | | |
| | Explanation | | | | | |
| | | | | | | [6] |

(e) Teresa's profit for the year ended 31 January 2013 was \$48200. For Examiner's Use Prepare Teresa's capital account. Balance the account on 31 January 2013 and bring down the balance on 1 February 2013. Teresa Capital account [4] (f) State two ways in which Teresa can use her accounting information. 1 2 [2] [Total: 25]

3 (a) Complete the table below giving the name of **each** accounting principle described.

| | Principle |
|--|-----------|
| The same accounting treatment should be applied to similar items at all times. | |
| Every transaction has a two-fold aspect. | |
| Transactions must be expressed in money terms. | |
| Profit should not be overstated by ignoring foreseeable losses. | |
| Financial statements assume that a business will continue to operate indefinitely. | |

[5]

For Examiner's Use

A sales invoice sent by Gordon to Jacqui in February showed the following.

| Description | Unit price | Total price |
|--------------------------|---------------------|--------------------------|
| | \$ | \$ |
| Cans of cooking oil | 7.50 | 75.00 |
| Less: 20% trade discount | | 15.00 |
| | | 60.00 |
| | Cans of cooking oil | Cans of cooking oil 7.50 |

(b) State why Gordon allowed Jacqui a trade discount.

[2]

- (c) (i) Jacqui was entitled to a 5% cash discount. Calculate the value of the cash For discount. Examiner's Use[1] (ii) Show how the cash discount would be recorded in Gordon's books of account. Account to be debited Account to be credited [2] (iii) State why Gordon allowed Jacqui a cash discount. [2] (d) Indicate by placing a tick (\checkmark) in the table below to indicate whether each business is a trading or a service business. The first has been completed as an example. Service business Trading business √ Clothing retailer Accountant
 - Accountant

 Hairdresser

 Car dealer

 Computer component manufacturer

[2]

[Total: 14]

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Question 4 is on the next page.

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4 Clothilde Manufacturing Limited provided the following information.

| | At 1 February 2012 \$ | At 31 January 2013 \$ |
|----------------------|--------------------------|--------------------------|
| Raw materials | 3600 | 6200 |
| Work-in-progress | 5800 | 6 1 0 0 |
| Finished goods | 19600 | 26600 |
| For the year ended | 31 January 2013 | \$ |
| Purchases of raw m | aterials | 190 800 |
| Direct wages | 86 000 | |
| Salary of factory su | 15 000 | |
| Carriage on raw ma | 1 100 | |
| Other sales and adr | 59 000 | |
| Depreciation of mac | 3 000 | |
| Rent | 30 000 | |
| Power | 25 000 | |
| Insurance | | 5 000 |

The costs of rent, power and insurance are apportioned 80% to the factory and 20% to the office.

| (| a) | Prepare the manuf | acturing acco | ount for the ve | ear ended 31 | January 2013. |
|---|----|--------------------|---------------|-----------------|--------------|---------------|
| ۱ | ~, | i iopaio aio manai | aotaning aoot | and for the ye | | |

Clothilde Manufacturing Limited Manufacturing Account for the year ended 31 January 2013

13

| [16] |
|------|

(b) Calculate the cost of sales as it would appear in the income statement for the year ended 31 January 2013.
[3]
(c) All goods are sold using a mark-up of 50%. Calculate the revenue (sales) for the year ended 31 January 2013.
[2]
[7] [Total: 21]

 15

 5 (a) Complete the following sentence.

 The cash book is a book of prime entry and also a _______ [2]

Riaz is a trader in clothing. The following balances were taken from his books of account at 1 January 2012.

\$

| | Ŷ |
|--------------------|---------|
| Rent | 6000 Dr |
| Commission payable | 1700 Cr |
| Stationery | 120 Dr |

He made the following payments.

| 2012 | \$ |
|---|--------|
| February 28 rent for six months to 31 August 2012 | 18 000 |
| September 1 rent for six months to 28 February 2013 | 19 800 |
| Total payments to the salesmen for commission | 18 100 |
| Total payments for stationery | 1 880 |

Other information is as follows.

- 1 Commission due on 31 December 2012 amounted to \$1150.
- **2** The charge for stationery in the income statement for the year ended 31 December 2012 was \$1910.

(b) Prepare the following ledger accounts for the year ended 31 December 2012. Balance the accounts and bring down the balances on 1 January 2013.

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Rent account [6] Commission payable account [5] Stationery account [5]

(c) Complete the table below. The first item has been completed as an example.

| Ledger account | Balance sheet | |
|--------------------|----------------|-------------------|
| | Heading | Item |
| Rent | Current assets | Other receivables |
| Commission payable | | |
| Stationery | | |

[4]

For Examiner's Use

It was discovered that the cash balance in the cash book was \$250 higher than the cash actually in hand. It was later found that Riaz had taken goods with a cost of \$150 and a selling price of \$250 for his own use. This had been recorded in the books of account as a cash sale.

(d) Prepare the journal entries to correct this error. Narratives are **not** required.

| Debit | Credit |
|--------|--------|
| \$ | \$ |
| | |
| | ••••• |
| | |
| | ••••• |
| | |
| | |
| | ••••• |
| | |
| | ••••• |
| | |

[4]

[Total: 26]

For Examiner's Use

6 Jarvis Limited provided the following information about its assets and liabilities:

At 31 March 2012 2013 \$ \$ 95000 76000 Machinery at book value Fixtures and fittings at book value 11000 36000 Vehicle at book value 4000 26000 Inventory 19000 27000 Trade receivables 18000 16000 Bank 8000 Trade payables 21000 14000 Bank overdraft 6000 10000 Long term loan 15000

(a) (i) Calculate to two decimal places the current ratio at **both** 31 March 2012 and 31 March 2013.

[4]

(ii) Suggest **one** reason for the change in the current ratio.

[1]

(b) (i) Calculate to two decimal places the quick ratio (acid test ratio) at both 31 March 2012 and 31 March 2013. [4] (ii) Suggest one possible effect of the change in the quick ratio (acid test ratio). [2] (c) Suggest two reasons for the change in the company's bank balance [2]

For

Examiner's Use The equity section of Jarvis Limited's balance sheets showed the following:

| At 31 March | 2012 | 2013 |
|--------------------------------|---------|---------|
| | \$ | \$ |
| Ordinary shares of \$0.50 each | 100 000 | 100 000 |
| Retained earnings | 29 000 | 31 000 |
| General reserve | - | 10 000 |

The profit for the year ended 31 March 2013 was \$26000.

On 1 June 2012 the directors paid a dividend of \$0.03 per share. On 15 January 2013 they paid a further dividend of 8%.

(d) Prepare the appropriation account for the year ended 31 March 2013.

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[2]

[Total: 24]