

# Cambridge International Examinations

Cambridge International General Certificate of Secondary Education

* 2 4 3 8 2 4 4 4 9 2 *	CANDIDATE NAME		
	CENTRE NUMBER		CANDIDATE NUMBER
	ACCOUNTING		0452/12
	Paper 1		October/November 2015
	No Additional M	wer on the Question Paper. laterials are required.	1 hour 45 minutes
	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 20 printed pages.



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 business document would be sent by a customer to a supplier?
  - A credit note
  - **B** debit note
  - **C** invoice
  - D statement of account



(b) An insurance account shows an amount paid for the year of \$2000 and a prepayment at the end of the year of \$400.

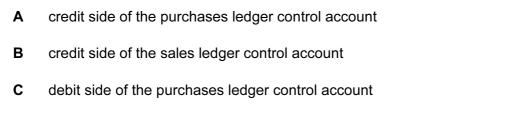
Which entry appears in the insurance account to record the transfer to the income statement?

- A credit entry of \$1600
- **B** credit entry of \$2400
- **C** debit entry of \$1600
- **D** debit entry of \$2400



[1]

(c) Where would a dishonoured cheque from a customer be recorded in the books of the supplier?



**D** debit side of the sales ledger control account

On 1 July 2014 his loose tools were valued at \$7100. On 1 September 2014 he bought new tools costing \$1200. On 30 June 2015 he valued loose tools at \$6000.

Which amount for loose tools appeared in his income statement for the year ended 30 June 2015?

Α	\$100	
В	\$1100	
С	\$1200	
D	\$2300	[1]

(e) The following account appeared in Andrew's ledger.

			Andrew		
			Advertising acco	ount	
2015		\$	2014		\$
30 April	Bank	4000	1 May	Balance b/d	500
			2015		
			30 April	Income statement	2800
				Balance c/d	700
		4000			4000
2015					
1 May	Balance b/d	700			

Which statement is correct?



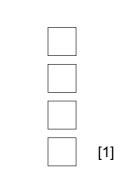
- (f) Why does a partnership prepare an appropriation account?
  - A to allocate profit for the year to each partner
  - B to calculate interest on partners' loans
  - **C** to ensure that drawings are accounted for
  - **D** to record dividends paid and proposed
- (g) During the accounting year a limited company had the following transactions.

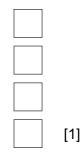
ሑ

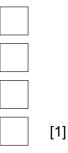
	Ф
ordinary share dividend paid	25 000
interest paid on short term bank loan	3 000
interest paid on debentures (repayable in 2019)	12 000
interest received on bank deposit	5 000

Which amount appeared in the expenses in the income statement?

- A \$10 000
  B \$12 000
  C \$15 000
  D \$35 000
- (h) Why does a sports club prepare the trading account section of an income statement?
  - A it has paid staff as well as voluntary workers
  - B it operates a café
  - **C** to calculate subscriptions for the year
  - **D** to value the closing inventory



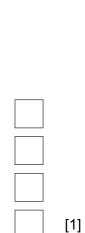




- (i) The rent of a manufacturing business is split 60% factory, 10% offices and 30% showrooms.Business rent is \$40 000 a year and salesmen's salaries are \$12 000 a year.How much appears in the manufacturing account for these costs?
  - **A** \$24 000
  - **B** \$31 200
  - **C** \$36 000
  - **D** \$46 800
- (j) Financial statements must be free from error and bias.

Which accounting policy is being applied?

- A comparability
- B relevance
- **C** reliability
- **D** understandability



[1]



6

2 (a) State what is meant by a book of prime (original) entry.

[1]

(b) Name two of the books of prime (original) entry which a business may maintain.

1	
2	 [2]

(c) Complete the following table using a tick (✓) to indicate whether **each** item is an asset, a liability or an expense. The first has been completed as an example.

	asset	liability	expense
fixtures and fittings	~		
insurance			
bank overdraft			
cash			
trade payable			
wages			
accrued electricity			
increase in provision for doubtful debts			
unpaid commission receivable			

[4]

- (d) Name the financial statement in which the following are recorded.
  - (i) assets[1](ii) expenses.

[1]

Neel started a business on 1 June. The following transactions took place in June.

- 1 Opened a business bank account with \$8000 of his own money.
- 2 Received a bank loan, \$2000.
- 3 Bought a delivery van, \$5200, from A1 Motors on credit.
- 4 Bought inventory, \$3700, paying by cheque.
- 5 Paid shop rent, \$1000, by standing order.
- 6 Withdrew cash, \$100, to start up an imprest system.

#### REQUIRED

(e) Complete the following table showing how these transactions were recorded. The first has been completed as an example.

	Debit entry		Credit entry	
	\$			\$
1	Bank account	8000	Capital account	8000
2				
3				
4				
5				
6				

[10]

8

(f) Calculate the balance on Neel's bank account after these transactions.

[3] [Total: 22] 3 (a) Name three types of inventory which might be held by a manufacturing business.

1	
2	
3	 [3]

(b) State how inventory should be valued.

 [1]

(c) State how Asrul, a retailer, records goods taken for his personal use.

Account credited	

- (d) Name the accounting principle which Asrul is applying.
  - .....[1]
- (e) State one reason why Asrul prepares a bank reconciliation statement.
  - [1]
- (f) State what is meant by a bank statement.

[1]

(g) Give one example of each of the following.
1 An item in the cash book not in the bank statement
2 An item in the bank statement not in the cash book.
[2]
[7] [Total: 11]

4 (a) Explain what is meant by the term provision for doubtful debts.

[2]

On 1 May 2014 Samuel's provision for doubtful debts account showed a balance of \$450. On 30 April 2015 his trade receivables amounted to \$9750. This included a debt of \$250 which had gone bad and should be written off. Samuel provides for doubtful debts at a rate of 4%.

## REQUIRED

(b) Prepare Samuel's provision for doubtful debts account. Bring down the balance on 1 May 2015.

Date	Details	\$ Date	Details	\$

Samuel Provision for doubtful debts account

[5]

(c) State where the entry for doubtful debts will appear in the income statement.

.....[1]

- (d) Name the **two** accounting principles Samuel is applying by maintaining a provision for doubtful debts account.
  - 1 \_\_\_\_\_ 2 \_\_\_\_\_[2]

(e) Name the **two** items in the statement of financial position which might be overstated if Samuel did not maintain a provision for doubtful debts account.

1	
2	[2]

## [Total: 12]

**5** Nzita is a sole trader. His statement of financial position at 31 January 2014 included the following balances.

	\$	
Trade receivables	700	
Trade payables	400	
Inventory	1 100	
Equipment at cost	15 700	
Provision for depreciation of equipment	4 100	
Prepaid rent	250	
Bank	2 100	debit

#### REQUIRED

(a) Calculate Nzita's capital at 31 January 2014.

 A summary of Nzita's bank statements showed the following for the year ended 31 January 2015.

	\$
Receipts from customers	28 900
Payments to suppliers	12 600
Wages	5 200
Rent	3 100
Purchase of new equipment	1 100
Sundry expenses	2 650
Drawings	6 600

Further information is as follows.

- 1 Nzita depreciates his non-current assets at the rate of 10% per annum on the straight line basis. A full year's depreciation is provided in the year of purchase.
- 2 No non-current assets were disposed of during the year.
- 3 Proper books of account were not kept during the year but Nzita provided the following information at 31 January 2015.

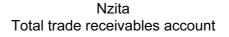
	\$
Trade receivables	900
Trade payables	650
Inventory	1400
Prepaid rent	150

4 All sales and purchases were made on credit.

## REQUIRED

(b) Prepare the following accounts for the year ended 31 January 2015 to determine the sales and purchases for the year.

Date	Details	\$ Date	Details	\$



Nzita Total trade payables account

Date	Details	\$ Date	Details	\$

[8]

(c) Prepare Nzita's income statement for the year ended 31 January 2015.

\$	\$

Nzita Income Statement for the year ended 31 January 2015

[9]

(d) Prepare an extract from Nzita's statement of financial position at 31 January 2015 showing the capital section.

Nzita Statement of Financial Position (extract) at 31 January 2015

[4] (e) Calculate, to two decimal places, Nzita's gross profit margin for the year. [2] ..... (f) Suggest two reasons why Nzita's gross profit margin was lower than in the previous year. 1 [2] 2 [Total: 31]

capital	current	non-current
overstated	revenue	understated

..... expenditure relates to the purchase of an asset which will last for more

than 12 months.

..... expenditure relates to the day-to-day running costs of the business or the

purchase of a ..... asset.

A capital receipt arises when a ..... asset is sold.

If an item of capital expenditure is wrongly recorded as revenue expenditure profit will be

.....

If an item of revenue expenditure is wrongly recorded as capital expenditure profit will

be.....

[6]

Leroy prepared a trial balance on 30 September 2015 which failed to balance. He opened a suspense account. He then discovered the following errors.

- 1 Discount allowed, \$30, had been posted to the credit side of the discount received account.
- 2 Receipt of cash, \$85, from Yolanda, a credit customer, had been credited to the account of Joanie.
- 3 The total of the sales returns journal, \$110, had been posted as \$100.
- 4 An invoice totalling \$1000 for computer equipment and supplies had included a charge of \$150 for stationery. The total amount had been posted to the office equipment account.

#### REQUIRED

(b) State which two of these errors did **not** affect the balancing of the trial balance and in **each** case name the type of error which had occurred.

Error	
Name	
Error	
Name	 [4]

Error number	Details	Debit \$	Credit \$
number		Ψ	Ψ
L			

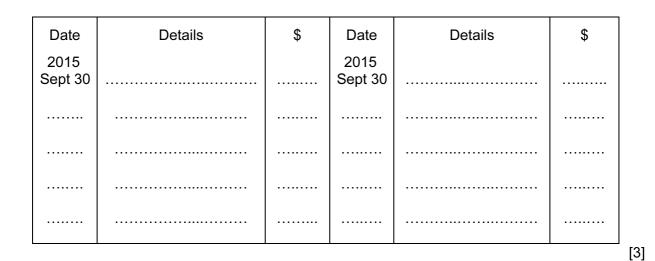
(c) Prepare journal entries to correct all four errors. Narratives are required.

Question 6(d) is on the next page.

[13]

Leroy Suspense account

(d) Prepare the suspense account, showing the original difference on the trial balance.



Leroy had a draft profit for the year of \$5170 before the errors were corrected.

#### REQUIRED

(e) Complete the following table to calculate the correct profit for the year. Where an error has no effect on profit, place a tick ( $\checkmark$ ) in the No Effect column.

	No Effect	Increase \$	Decrease \$	\$
Draft profit				5170
Error 1				
Error 2				
Error 3				
Error 4				
Corrected profit				

[8]

[Total: 34]

Permission to reproduce items where third-party owned material protected by copyright is included has been sought and cleared where possible. Every reasonable effort has been made by the publisher (UCLES) to trace copyright holders, but if any items requiring clearance have unwittingly been included, the publisher will be pleased to make amends at the earliest possible opportunity.

To avoid the issue of disclosure of answer-related information to candidates, all copyright acknowledgements are reproduced online in the Cambridge International Examinations Copyright Acknowledgements Booklet. This is produced for each series of examinations and is freely available to download at www.cie.org.uk after the live examination series.

Cambridge International Examinations is part of the Cambridge Assessment Group. Cambridge Assessment is the brand name of University of Cambridge Local Examinations Syndicate (UCLES), which is itself a department of the University of Cambridge