



**Cambridge International Examinations**  
Cambridge International General Certificate of Secondary Education

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**ACCOUNTING**

**0452/01**

Paper 1

**For Examination from 2014**

SPECIMEN PAPER

**1 hour 45 minutes**

Candidates answer on the Question Paper.

No Additional Materials are required.

**READ THESE INSTRUCTIONS FIRST**

Write your Centre number, candidate number and name in the spaces at the top of this page.

Write in dark blue or black pen.

You may use an HB pencil for any diagrams, graphs or rough working.

Do not use staples, paper clips, glue or correction fluid.

DO **NOT** WRITE IN ANY BARCODES.

Answer **all** questions.

You may use a calculator.

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 **16** printed pages and **2** blank pages.

For each question there are four possible answers, **A**, **B**, **C** and **D**, choose the **one** you consider correct and place a circle around the letter.

1 (a) Which item in the statement of financial position of a business shows the owner how well his business is performing?

- A drawings
- B profit for the year
- C trade receivables
- D working capital

[1]

(b) A trader provided the following information.

	\$
equipment	10 000
inventory	4 000
trade receivables	2 500
trade payables	3 500
insurance prepaid	100
rent owing	200
bank overdraft	1 500

What was the total of the assets?

- A \$16 600      B \$16 700      C \$17 600      D \$18 100

[1]

(c) A trader wishes to know the cost of goods sold during the year. Which financial statement will provide this information?

- A appropriation account
- B income statement
- C statement of financial position
- D trial balance

[1]

(d) 'A business will continue to trade in the foreseeable future.' Which accounting principle is this describing?

- A accruals (matching)
- B business entity
- C consistency
- D going concern

[1]

(e) It was discovered that a credit customer had been charged \$76 for a purchase instead of \$67. Which document will be issued by the seller to correct the error?

- A credit note
- B debit note
- C invoice
- D statement

[1]

(f) Fatima bought goods from Miriam at a total list price of \$2000. Miriam allows her customers trade discount of 10% and cash discount of 2%.

What was the amount of the invoice?

- A \$1760
- B \$1764
- C \$1800
- D \$1960

[1]

(g) Which entries are made in Bond's ledger to record the payment of money owing by a customer to Bond?

	account to be debited	account to be credited
<b>A</b>	cash	trade payables
<b>B</b>	cash	trade receivables
<b>C</b>	trade payables	cash
<b>D</b>	trade receivables	cash

[1]

- (h) The totals of a trial balance agreed, but it was found that the purchase of a non-current asset had been entered in the purchases account.

What type of error had been made?

**A** commission

**B** compensating

**C** original entry

**D** principle

[1]

- (i) Amounts owed by a trader for electricity were:

1 January           \$2000

31 December       \$2500

The charge for electricity shown in the income statement for the year ended 31 December was \$15 500.

What was the amount paid for electricity during the year?

**A** \$15 000

**B** \$15 500

**C** \$16 000

**D** \$20 000

[1]

- (j) Janet and Lesley are partners and share profits equally. The profit for the year before appropriations was \$34 000.

Janet receives a salary of \$10 000 and interest on capital of \$1000.

Lesley receives interest on capital of \$2000.

What was Janet's total income from the business?

**A** \$15 000

**B** \$21 500

**C** \$26 000

**D** \$32 500

[1]

**[Total: 10]**



- 2 (a) What is the name of the document sent to a customer by a supplier at the end of the month showing the amount payable for credit sales?

..... [1]

- (b) Explain what is meant by the accounting principle of accruals (matching).

.....  
 ..... [2]

- (c) A payment from Dido is entered in Petra's account in error. What type of error has been made?

..... [1]

- (d) In the following table, place a tick (✓) under the most appropriate heading for **each** item.

	capital expenditure	revenue expenditure
purchase of motor van		
renewal of tyres for motor van		
painting business name on motor van		

[3]

- (e) State **two** advantages of preparing a sales ledger control account.

1 .....

.....

2 .....

..... [2]

- (f) At 31 March Marcus had accrued \$70 for water used for the month of March. On 5 April he received the water bill for March amounting to \$80 and paid this bill on 21 April. He expects to receive a bill for the month of April for \$90.

What amount will Marcus show in his income statement for water for the month of April?

.....  
 ..... [4]

- (g) Mish Limited has an issued share capital of 10 000 ordinary shares with a nominal value of \$1 each and 8000 preference shares with a nominal value of \$1.50 each.

What is the total of the issued share capital of the company?

.....  
.....  
.....  
..... [4]

- (h) Carla had sales of \$80 000 in the month of October. She achieves a percentage of gross profit to sales of 40%.

Her expenses were \$20 000.

What was Carla's percentage of net profit to sales for the month?

.....  
.....  
.....  
..... [6]

**[Total: 23]**

- 3 The balance shown in the bank column of Safina's cash book at 30 April 2012 was \$620 debit.

She compared her cash book with the bank statement at 30 April and found the following items had been included on the bank statement but had not been entered in the cash book.

	\$
Bank charges	15
Direct debits paid	40
Bank interest received	20
Bank (credit) transfer from customer	130
Dishonoured cheque from customer	65

- (a) Write up Safina's cash book at 30 April 2012. Bring down the new balance on 1 May 2012.

Safina  
Cash Book (bank columns only)

Date	Details	\$	Date	Details	\$
.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....
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[8]



On 30 April 2012 Safina found that she had:

- 1 recorded receipts in the cash book of \$310 but had not deposited the money at the bank
- 2 written cheques, \$250, and entered them in the cash book but they had not yet been paid by the bank.

(b) Complete the following bank reconciliation statement at 30 April 2012 to show the expected balance on the bank statement.

Safina  
Bank Reconciliation Statement at 30 April 2012

	\$
Balance on updated cash book on 30 April 2012	
Adjustments:	
Receipts not yet deposited at bank	
Cheques written out but not yet paid by bank	
Expected balance on bank statement at 30 April 2012	

[8]

The bank statement actually showed a credit balance of \$680.

(c) Suggest **two** possible reasons for the difference. Give an example of each.

1 .....

.....

.....

2 .....

.....

.....

[6]

[Total: 22]

4 (a) State **two** causes of depreciation of a non-current asset.

1 .....

.....

2 .....

..... [2]

Paul bought a new machine on 1 April 2010 for \$1200. He decided to charge depreciation on the machine at 15% per annum using the reducing (diminishing) balance method.

(b) Calculate the depreciation to be charged on the machine for

(i) the year ended 31 March 2011;

.....

.....

..... [3]

(ii) the year ended 31 March 2012.

.....

.....

..... [3]

(c) Show the entries in the provision for depreciation account for the machine in Paul's ledger for the **two** years ended 31 March 2012.

Paul  
Provision for depreciation of machinery account

Date	Details	\$	Date	Details	\$
.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....
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[4]

On 1 April 2012 Paul sold the machine for \$750.

- (d) Show the entries required in the disposal of machinery account to record the sale of the machine and show the transfer to the income statement of any profit or loss on the sale.

Paul  
Disposal of machinery account

Date	Details	\$	Date	Details	\$
.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....
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[8]

- (e) Using the profit or loss calculated in your answer to (d) above, advise Paul on the selection of the rate of depreciation he chose for the machine.

.....

.....

.....

.....

.....

[2]

**[Total: 22]**



- 5 (a) State the basis of inventory valuation which is applied in preparing financial statements.

.....  
 ..... [3]

Manton is in business making garden tools.

- (b) Insert the missing words and figures into the following income statement.

Manton  
Income Statement for the year ended 31 March 2012

	\$	\$
Revenue		130 000
Less Returns		(i)
		125 000
Cost of sales		
Inventory at (ii)	42 000	
Purchases	(iii)	
Carriage (iv)	2 000	
	124 000	
Less Inventory at 31 March 2012	36 000	88 000
Gross profit		(v)
Less Rent	1 200	
Electricity	600	
Water charges	350	
Wages	(vi)	
Provision for depreciation	1 450	9 200
(vii)		(viii)

[8]

(c) Using your answer to (b), calculate Manton's rate of inventory turnover for the year ended 31 March 2012.

Give your answer to **two** decimal places.

.....  
.....  
.....  
.....  
..... [4]

Manton found that the net realisable value of his inventory at 31 March 2012 was actually \$32 000.

(d) (i) Manton wrote down the value of his closing inventory to \$32 000.

Place a tick (✓) in the box below to show the effect on his profit for the year.

Increase	
Decrease	

[2]

(ii) Calculate Manton's revised rate of inventory turnover using the closing inventory figure of \$32 000.

Give your answer to **two** decimal places.

.....  
.....  
.....  
.....  
..... [2]

[Total: 19]

- 6 Kinoto Limited prepared the following trial balance after calculating the profit for the year ended 30 June 2012.

Kinoto Limited  
Trial Balance at 30 June 2012

	\$	\$
Machinery at cost	17 000	
Office equipment at cost	2 500	
Provision for depreciation		
Machinery		1 900
Office equipment		500
Other payables		300
Bank	25 000	
Cash	200	
Trade payables		1 800
Trade receivables	33 500	
Bank loan repayable 2018		5 000
Other receivables	600	
Inventory at 30 June 2012	3 900	
Issued share capital		
(10 000 ordinary \$1 shares)		10 000
Retained profit at 1 July 2011		47 200
Profit for the year		<u>16 000</u>
	<u>82 700</u>	<u>82 700</u>

The company proposed to pay an ordinary share dividend of \$0.25 per share and to transfer \$5000 to a general reserve.

- (a) Prepare Kinoto Limited's profit and loss appropriation account for the year ended 30 June 2012.

Kinoto Limited  
Profit and Loss Appropriation Account for the year ended 30 June 2012

	\$	\$
.....	.....	.....
.....	.....	.....
.....	.....	.....
.....	.....	.....
.....	.....	.....
.....	.....	.....
.....	.....	.....
.....	.....	.....
.....	.....	.....
.....	.....	.....

[6]



**(b)** Prepare Kinoto Limited's statement of financial position at 30 June 2012.

Kinoto Limited  
Statement of Financial Position at 30 June 2012

	\$	\$	\$
.....	.....	.....	.....
.....	.....	.....	.....
.....	.....	.....	.....
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[14]

(c) From the information above, calculate Kinoto Limited's return on capital employed. Use the capital employed on 1 July 2011.

Give your answer to **two** decimal places.

.....

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.....

.....

..... [4]

**[Total: 24]**

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