Cambridge Assessment International Education

Cambridge IGCSE™

ACCOUNTING **0452/13**

Paper 1 Multiple Choice **October/November 2022**

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. Any blank pages are indicated.

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1 Ahmed is a trader.

View solution

Why should he prepare financial statements?

A to apply the principle of business entity

B to monitor his business's performance

C to prepare a bank reconciliation statement

D to record changes to his personal wealth

2 Which transaction will increase both assets and capital by the same amount?

View solution

A A credit customer settled his account after deducting a cash discount.

B Goods were sold for cash at a price higher than their cost price.

C Rent received included an amount prepaid for the next accounting period.

D The owner repaid a business loan from his personal bank account.

3 Pradip settled Amal's account by credit transfer and received a cash discount for prompt payment.

View solution

How did Pradip record this discount?

	debit	credit
A	Amal	discount received
B	cash	discount received
C	discount allowed	Amal
D	discount allowed	cash

4 Morgan made the following double entry in his ledgers.

View solution

debit sales returns account

credit Sally account

Which transaction was being recorded?

A goods returned by Morgan to Sally, Morgan's credit customer

B goods returned by Morgan to Sally, Morgan's credit supplier

C goods returned by Sally to Morgan, Sally's credit customer

D goods returned by Sally to Morgan, Sally's credit supplier

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5 Abdul sells goods to Rekha on credit. Some goods were damaged in transit.

View solution

Which document would Rekha send to Abdul?

A credit note

B debit note

C invoice

D statement of account

6 Which business documents provide information for writing up the sales journal and the sales returns journal?

View solution

	sales journal	sales returns journal
A	invoices issued	credit notes issued
B	invoices issued	credit notes received
C	invoices received	credit notes issued
D	invoices received	credit notes received

7 On 1 September, Peter sent a cheque to his credit supplier, John. This was correctly entered in John's books. On 10 September, the cheque was returned unpaid due to lack of funds.

View solution

Which entries should be made in John's books on 10 September?

	account to be debited	account to be credited
A	bank	irrecoverable debts
B	bank	Peter
C	irrecoverable debts	bank
D	Peter	bank

8 What would **not** be recorded in the ledgers of a business?

View solution

A cash discount

B irrecoverable debts

C trade discount

D wages accrued

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9 Which errors would be revealed by the preparation of a trial balance?

1 credit purchases, $240, entered as $420 in both the purchases account and the trade payable's account

2 credit sales entered as $96 in the sales account and $69 in the trade receivable's account

3 purchase of a motor vehicle, $15 000, entered in the motor vehicle repairs account

4 wages paid, $1050, debited in both the wages account and the bank account

View solution

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

10 Saddique's trial balance failed to balance. The debit column totalled $12 250 and the credit column totalled $12 200.

View solution

The following errors were discovered.

No entry had been made for cash sales, $150.

The total of the discount received account, $50, had been omitted from the trial balance.

What were the totals of the trial balance **after** the errors had been corrected?

A $12 250 **B** $12 300 **C** $12 350 **D** $12 400

11 Jacob purchased a motor vehicle for business use on credit from Waheed for $20 000. This was not recorded in Jacob's books.

View solution

Which journal entry would correct this error in Jacob's books?

		debit $	credit $
A	Jacob	20 000	
	motor vehicles		20 000
B	motor vehicles	20 000	
	Jacob		20 000
C	motor vehicles	20 000	
	Waheed		20 000
D	Waheed	20 000	
	motor vehicles		20 000

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12 After the preparation of her income statement, Emma discovered the following errors.

View solution

A debt, $1500, should have been written off as irrecoverable.

No adjustment had been made for rent prepaid by Emma of $2800.

The draft profit for the year was $35 000.

What was the corrected profit for the year?

A $30 700 **B** $33 700 **C** $36 300 **D** $39 300

13 Jamal's bank statement on 1 September 2022 showed a bank overdraft of $1460.

View solution

At that date there were unpresented cheques of $385 and uncredited deposits of $255.

What was the bank balance in the cash book on 1 September 2022?

A $1330 credit

B $1330 debit

C $1590 credit

D $1590 debit

14 A sales ledger control account included the following items.

View solution

1 discount allowed

2 dishonoured cheques

3 interest on overdue accounts

4 irrecoverable debts

For which of these items was the information obtained from the general journal?

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

15 A sales ledger control account had a debit balance of $4000 on 1 August.

View solution

During the month of August, credit sales totalled $50 000, sales returns from credit customers were $600 and discounts allowed were $400.

The debit balance on the sales ledger control account on 1 September was $6000.

What was the total amount received from credit customers in August?

A $47 000 **B** $47 800 **C** $48 200 **D** $49 000

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16 Manjit depreciates her motor vehicles by $1000 at the end of each financial year.

View solution

Which journal entry would Manjit make at the end of each financial year?

		debit $	credit $
A	income statement	1000	
	provision for depreciation of motor vehicles		1000
B	motor vehicles	1000	
	provision for depreciation of motor vehicles		1000
C	provision for depreciation of motor vehicles	1000	
	income statement		1000
D	provision for depreciation of motor vehicles	1000	
	motor vehicles		1000

17 On the first day of his financial year, Jason purchased a new machine costing $20 000.

View solution

On that date his old machine had a book value of $6000. Jason was allowed $4500 for the old machine in part exchange. He paid the balance by cheque.

Machinery is depreciated at 20% per annum.

How much should be charged to Jason's income statement for the year?

A $1500 **B** $2500 **C** $4000 **D** $5500

18 A trader provided the following information about his inventory at the end of his financial year.

View solution

total number of units	500
cost price of each unit	$4
net realisable value of each unit	$6

80 units were damaged and could be sold for $3 per unit.

What was the value of the closing inventory?

A $1920 **B** $2000 **C** $2760 **D** $2840

19 For which purposes would a trader use his income statement and statement of financial position?

View solution

1 to enable decisions to be made about the performance of the business

2 to show the business bank account balance at a given date

3 to show the financial position of the business at a given date

4 to show whether the business made a profit or a loss in the financial year

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

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20 What may appear in a partnership appropriation account?

View solution

A capital and current account balances

B interest on drawings and interest on partners' loans

C partners' salaries, drawings and profit for the year

D partners' salaries, interest on capital and profit shares

21 Anne and Paul are in partnership.

View solution

How would interest on Anne's capital be recorded in the ledger accounts of the partnership?

A credited to Anne's capital account

B debited to Anne's capital account

C credited to Anne's current account

D debited to Anne's current account

22 Which statement about the members of a limited company is correct?

View solution

A Their liability is limited to the total of their investment in the company.

B Their liability is limited to the total of their personal assets.

C They are not liable for the debts of the company.

D They have unlimited liability for the debts of the company.

23 A limited company provided the following information.

View solution

	$
non-current assets	35 000
ordinary share capital	40 000
5% debentures	10 000
net current assets	30 000

What were the retained earnings?

A $15 000 **B** $25 000 **C** $55 000 **D** $115 000

24 A limited company raised funds by issuing ordinary shares, preference shares and debentures.

View solution

Which statements are correct?

1 Debentures are part of the loan capital.

2 Ordinary shares are part of the equity.

3 Ordinary dividend is paid before debenture interest.

4 Preference shares carry a fixed rate of dividend.

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

25 The financial year of a club ends on 30 September. During the year ended 30 September 2022, the club received an interest-free loan from a member.

View solution

In which of the club's financial statements will this appear?

A income and expenditure account and statement of financial position

B receipts and payments account and income and expenditure account

C receipts and payments account and statement of financial position

D statement of financial position only

26 A cricket club provided the following information.

View solution

		$
at 1 August 2021	balance at bank	950
during the year ended 31 July 2022	net receipts from competition	1050
	subscriptions received	2500
	general expenses paid	1020
	insurance paid	500
	rent paid	1800
at 31 July 2022	subscriptions owing by members	120
	insurance prepaid	20
	depreciation of equipment	260

What was the balance at bank on 31 July 2022?

A $920 **B** $1180 **C** $1200 **D** $1300

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27 A club had an accumulated fund at the start of the year of $18 000 and at the end of the year of $16 200.

New equipment costing $1100 was bought during the year. Total expenses for the year were $9550. The only income came from subscriptions.

View solution

How much were subscriptions for the year?

A $7750 **B** $8850 **C** $11 350 **D** $12 450

View solution

28 A food processing factory fills cans with vegetables. The filled cans are then sold to shops.

Which wages are direct labour costs for the factory?

1 wages paid to workers who load the cans on to lorries for delivery to shops

2 wages paid to workers who operate machines that fill the cans with vegetables

3 wages paid to people working on the maintenance of the machinery in the factory

4 wages paid to people working on the assembly line putting labels on the cans

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

29 Thembi manufactures wooden toys. She provided the following information for the financial year ended 31 August 2022.

View solution

	$
prime cost	35 000
factory overheads	17 000
work in progress:	
opening inventory	1 400
closing inventory	2 300

What was the cost of production of finished goods?

A $49 700 **B** $51 100 **C** $52 000 **D** $52 900

30 Chan provided the following information.

View solution

	1 October 2021 $	30 September 2022 $
non-current assets	10 000	12 000
inventory	2 500	2 000
trade receivables	1 500	1 300
bank overdraft	800	900
trade payables	1 000	1 900

What was Chan's profit or loss for the year?

A $300 loss

B $300 profit

C $500 loss

D $500 profit

31 Thabo provided the following information.

View solution

revenue	$250 000
gross margin	20%
rate of inventory turnover	5 times

What was the average inventory for the year?

A $10 000 **B** $37 500 **C** $40 000 **D** $50 000

32 How can a trader increase her current ratio?

View solution

A keep inventory at the lowest possible level

B obtain a long-term bank loan

C reduce the trade receivables turnover

D sell goods for cash instead of on credit

33 The application of which accounting principle makes it easier to compare financial statements year-on-year?

View solution

A business entity

B consistency

C duality

D going concern

34 What does the principle of prudence ensure?

View solution

A Assets are not understated.

B Liabilities are not estimated.

C Losses are not anticipated.

D Profits are not overstated.

35 Which statement is **not** correct about reasons for using international accounting standards?

View solution

A assists when making comparisons between companies

B improves the reliability of accounting information

C narrows the areas of difference in financial reporting

D makes the preparation of financial statements less time-consuming

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