



UNIVERSITY OF CAMBRIDGE INTERNATIONAL EXAMINATIONS  
International General Certificate of Secondary Education

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**ACCOUNTING**

**0452/01**

Paper 1

**For Examination from 2010**

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 on all the work you hand in.

Write in dark blue or black pen.

You may use a soft pencil for any diagrams or rough working.

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

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.

For Examiner's Use	
1	
2	
3	
4	
5	
6	
<b>Total</b>	

This document consists of **15** printed pages and **1** blank page.



1 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.

(a) Which of the following in the balance sheet of a business shows the owner how well his business is doing?

- A drawings
- B net profit
- C trade receivables (debtors)
- D working capital

[1]

(b) A trader provides the following information.

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

What is 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 the answer?

- A appropriation account
- B balance sheet
- C income statement (trading and profit and loss account)
- 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	creditor
<b>B</b>	cash	debtor
<b>C</b>	creditor	cash
<b>D</b>	debtor	cash

[1]

- (h) The totals of a trial balance agreed but it was found that the purchase of a non-current (fixed) asset had been entered in the purchases account. What type of error has been made?

A commission  
B compensating  
C original entry  
D principle

[1]

- (i) Amounts owed by a trader for electricity are given below:

1 January      \$2000  
31 December   \$2500

The charge for electricity shown in the income statement (profit and loss account) 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 (net profit) before appropriation was \$43 000.

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

..... [2]

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

	Capital	Revenue
Purchase of motor van		
Renew tyres for motor van		
Painting business name on motor van		

[3]

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

(i) .....

.....

(ii) .....

..... [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 (profit and loss account) 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?  
Show your workings.

.....  
.....  
..... [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 is Carla's percentage of net profit to sales for the month?  
Show your workings and give your answer to **two** decimal places.

.....  
.....  
.....  
..... [5]

**[Total: 23]**



Safina finds that at 30 April 2010 she has:

recorded receipts in the cash book of \$310 but not yet deposited the money at the bank;

written cheques, \$250, and entered them in the cash book but they have not yet been paid by the bank.

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**REQUIRED**

(b) Complete the following pro-forma bank reconciliation statement at 30 April 2010 to show the expected balance on the bank statement.

	\$
Balance on updated cash book at 30 April 2010	
Adjustments:	
Receipts not yet deposited at bank	
Cheques written out not yet paid by bank	
Expected balance on bank statement at 30 April 2010	

[8]

In fact the bank statement shows a balance of \$680.

**REQUIRED**

(c) Suggest **two** possible errors which may have caused this difference. Explain how to correct **each** error.

(i) Error .....

Correction .....

[3]

(ii) Error .....

Correction .....

[3]

**[Total: 22]**



4 (a) State **two** causes of depreciation in the value of a non-current (fixed) asset.

(i) .....

.....

(ii) .....

..... [2]

Paul has a business for which he bought a new machine on 1 April 2008 for \$1200. He decides to charge depreciation on the machine at 15% per annum using the reducing balance method.

**REQUIRED**

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

(i) the year ended 31 March 2009;

.....

.....

..... [3]

(ii) the year ended 31 March 2010.

.....

.....

..... [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 2010.

Provision for depreciation account – machine

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.....

..... [4]

On 1 April 2010 Paul sells the machine for \$750.

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**REQUIRED**

- (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 (profit and loss account) of any profit or loss on the sale.

Disposal of machinery account

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..... [8]

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

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..... [2]

**[Total: 22]**

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

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

Manton is in business making garden tools.

**REQUIRED**

- (b) Insert the missing words and figures into the following income statement (trading and profit and loss account):

Manton  
Income Statement (Trading and Profit and Loss Account)  
for the year ended 31 March 2010

	\$		\$	
Sales			130 000	
Less: Sales returns			<input style="width: 100px; height: 20px;" type="text"/>	(i)
			125 000	
Cost of goods sold:				
Inventory (stock) at		42 000		<input style="width: 100px; height: 20px;" type="text"/> (ii)
Add: Purchases				<input style="width: 100px; height: 20px;" type="text"/> (iii)
Carriage		2 000		<input style="width: 100px; height: 20px;" type="text"/> (iv)
		124 000		
Less: Inventory (stock) at 31 March 2010		36 000		
		88 000		
Gross profit				<input style="width: 100px; height: 20px;" type="text"/> (v)
Rent	1 200			
Electricity	600			
Water charges	350			
Wages				<input style="width: 100px; height: 20px;" type="text"/> (vi)
Provision for depreciation		1 450		
			9 200	
<input style="width: 100px; height: 20px;" type="text"/> (vii)				<input style="width: 100px; height: 20px;" type="text"/> (viii)

[8]

(c) From your answer to part (b), calculate Manton's rate of inventory (stock) turnover for the year ended 31 March 2010.

Show your workings.

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.....

..... [4]

Manton finds that the net realisable value of his inventory (stock) at 31 March 2010 was in fact \$32 000.

**REQUIRED**

(d) (i) Manton writes down the value of his closing inventory (stock) to \$32 000. Place a tick (✓) in the box below to show the effect on his profit for the year (net profit).

Increase	
Decrease	

[2]

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

.....

.....

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.....

..... [2]

**[Total: 19]**

- 6 Kinoto Limited are in business as printers. The following trial balance after calculating profit for the year (net profit), has been prepared from the company's accounting records for the year ended 30 June 2010.

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Kinoto Limited  
Trial Balance at 30 June 2010

	\$	\$
Machinery	17 000	
Office equipment	2 500	
Provision for depreciation		
Machinery		1 900
Office equipment		500
Other payables (accruals)		300
Bank	25 000	
Cash	200	
Trade payables (creditors)		1 800
Trade receivables (debtors)		33 500
Bank loan repayable 2016		5 000
Other receivables (prepayments)	600	
Inventory (stock) at 30 June 2010	3 900	
Issued share capital (10 000 ordinary \$1 shares)		10 000
Retained profit at 1 July 2009		47 200
Profit for the year (net profit)		16 000
	<u>82 700</u>	<u>82 700</u>

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

**REQUIRED**

- (a) Prepare the company's profit and loss appropriation account for the year ended 30 June 2010.

Kinoto Limited – Profit and Loss Appropriation Account for  
the year ended 30 June 2010

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[6]



(c) From the information above, calculate Kinoto Limited's return on opening capital employed. Show your workings and give your answer to **two** decimal places.

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

**[Total: 24]**

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