Cambridge International Examinations
Cambridge International General Certificate of Secondary Education

CANDIDATE NAME	

CENTRE NUMBER						CANDIDATE NUMBER				

ACCOUNTING **0452/11**

Paper 1 **May/June 2018**

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 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 **22** printed pages and **2** blank pages.

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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 (✓) in the box to indicate the correct answer.

1 **(a)** For which accounts does the cash book act as a ledger account?

	bank	cash	discount allowed	discount received
A	✓	✓	✓	✓
B		✓	✓	✓
C			✓	✓
D	✓	✓		

[1]

(b) Which statement about the division of the ledger is **not** correct?

A Checking procedures can be introduced.

B Fewer entries are needed in the sales and purchases accounts.

C It is easier for reference and for locating accounts.

D Work can be shared between two or more book-keepers.

[1]

(c) Which account may appear as a credit balance in a trial balance?

A carriage outwards

B discount received

C drawings

D inventory

[1]

(d) Insurance prepaid, $120, was treated as an accrual in the income statement.

Which effect did this have on the profit for the year?

A overstated $120

B overstated $240

C understated $120

D understated $240

[1]

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(e) Goods, $250, sold on credit to Ahmed were credited to Aktar's account.

What is the correcting journal entry?

		debit $	credit $	
A	Ahmed Aktar Suspense	250 250	 500	☐
B	Ahmed Suspense Aktar	250 250	 500	☐
C	Aktar Ahmed Suspense	500	 250 250	☐
D	Suspense Ahmed Aktar	500	 250 250	☐

[1]

(f) Hassan sells two products, X and Y. He provided the following information on 31 December 2017.

product	number of units	cost per unit $	net realisable value per unit $
X	520	2.00	2.20
Y	390	3.00	2.80

50 units of product Y were damaged and will have to be destroyed.

What was the total value of Hassan's inventory?

A $1992 ☐

B $2132 ☐

C $2164 ☐

D $2314 ☐

[1]

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(g) What would **not** be included in a statement of changes in equity?

A ordinary share dividend paid which relates to the previous year ☐

B ordinary share dividend proposed which relates to the current year ☐

C profit for the year ☐

D transfer to general reserve ☐

[1]

(h) Beth and Carla are in partnership, sharing profits and losses 3:2. They provided the following information at 31 January 2018.

		$	$
Profit for the year			42 000
Interest on capital:	Beth	4 000	
	Carla	3 000	7 000
Salary: Beth			10 000

What was the **total** amount credited to Beth's current account on 31 January 2018?

A $15 000 ☐

B $25 200 ☐

C $29 000 ☐

D $39 200 ☐

[1]

(i) Some members of a sports club had not paid their annual subscriptions at the end of the financial year.

Where will these unpaid subscriptions be shown in the financial statements?

	receipts and payments account	income and expenditure account	statement of financial position
A	✓	✓	✓
B	✓		✓
C	✓	✓	
D		✓	✓

[1]

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(j) On 1 April 2017 trade receivables owed $4250 and on 31 March 2018 they owed $3940. During the year $46 750 was received from trade receivables and they returned goods, $1130.

What were the credit sales for the year?

A $46 440 ☐

B $47 060 ☐

C $47 570 ☐

D $48 190 ☐

[1]

[Total: 10]

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2 **(a)** Complete the following table indicating with a tick (✓) the section of a statement of financial position in which **each** item would appear.

	non-current assets	current assets	non-current liabilities	current liabilities
trade payables				
5-year loan				
inventory				
loose tools				
bank overdraft				
rent receivable accrued				

[3]

(b) **(i)** State **one** advantage of being a partner rather than a sole trader.

.....[1]

(ii) State **one** disadvantage of being a partner rather than a sole trader.

.....[1]

(c) Name **three** interested parties (other than the business owner) who may wish to look at the financial statements of a business. For **each** interested party state a reason for their interest.

interested party	reason for their interest

[6]

(d) State **two** causes of depreciation.

1.....

2.....[2]

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(e) Complete the following table by writing **either** True or False against **each** statement about depreciation.

	True or False
The depreciation is calculated on the cost price less residual value when the straight line (equal instalment) method is used.	
The percentage rate of depreciation decreases each year when the reducing (diminishing) balance method is used.	
The provision for depreciation of a non-current asset is deducted from the cost price in the statement of financial position.	
A provision for depreciation is a means of providing a fund to purchase a replacement non-current asset.	

[4]

(f) Name **one** accounting objective.

.....[1]

(g) Name the accounting principle described by **each** of the following statements.

	Accounting Principle
The same accounting treatment is applied to similar items at all times.	
Accounting assumes that a business will continue to operate indefinitely.	
Transactions are expressed in monetary terms.	
Revenue is recognised as earned when ownership of goods passes to the customer.	

[4]

[Total: 22]

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3 Amira owns an advertising agency. Her financial year ends on 30 April.

On 1 April 2018 she decided to use a petty cash book with a monthly imprest of $80 which would be restored on the first day of each month.

REQUIRED

(a) State **one** reason for using a petty cash book.

.....

.....[1]

(b) State **one** advantage of the imprest system of petty cash.

.....

.....[1]

On 1 April 2018 Amira put $80 cash in the petty cash box.

Her transactions for the month of April 2018 were as follows.

		$
April 4	Bought stamps	3
7	Purchased printing paper	8
11	Purchased ink cartridges	12
19	Paid window cleaner	10
22	Paid KK Limited, a trade payable	35
29	Purchased flowers for reception desk	7

REQUIRED

(c) Enter these transactions in Amira's petty cash book on the page opposite.

Balance the petty cash book and bring down the balance on 1 May 2018.

[10]

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Amira
Petty Cash Book

Total received $	Date	Details	Total paid $	Postage $	Computer supplies $	General expenses $	Ledger accounts $
80	*2018 April 1*	*Cash*	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....	.....	.....

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(d) Complete the following table to show the double entry to restore the petty cash imprest on 1 May 2018.

debit	$	credit	$

[3]

(e) Show the entry which would be made in the computer supplies account in April 2018. It is **not** necessary to close or balance the account.

Amira
Computer supplies account

Date	Details	$	Date	Details	$
.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....

[1]

Amira balanced her cash book on 30 April 2018. The bank column showed that she had $17 620 in the bank.

On the same date the bank statement showed a different balance.

REQUIRED

(f) State **two** reasons for preparing a bank reconciliation statement.

1.....

.....

2.....

.....[2]

A comparison of the cash book and the bank statement revealed the following.

		$
1	Items appearing only on the bank statement	
	Bank charges	28
	Dishonoured cheque, Jabir	153
	Business rates paid by direct debit	95
2	Items appearing only in the cash book	
	Cheque received from Shadya	824
	Cheque paid to Abasi	1075
3	Debit side of cash book was undercast	100

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REQUIRED

(g) Update the cash book of Amira.

Bring down the updated balance on 1 May 2018.

Amira
Cash Book (bank columns only)

Date	Details	$	Date	Details	$
2018 April 30	*Balance b/d*	*17620*	.....	.....	.....
.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....

[5]

(h) Prepare a bank reconciliation statement for Amira at 30 April 2018 to determine the balance shown on the bank statement.

Amira
Bank Reconciliation Statement at 30 April 2018

	$
.....	.....
.....	.....
.....	.....
.....	.....
.....	.....
.....	.....
.....	.....
.....	.....

[4]

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(i) State the bank balance which would appear in the statement of financial position on 30 April 2018. Name the section in which it would appear.

Amount of bank balance $.....

Section of statement of financial position .....[2]

(j) Suggest **two** possible reasons why the cheque from Jabir was dishonoured.

1.....

2.....[2]

[Total: 31]

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4 Harry is a trader in farm machinery. He maintains a full set of accounting records. His financial year ends on 31 March.

Harry made the following entries in his purchases journal and purchases returns journal in March 2018.

Harry
Purchases Journal

2018		$	$
March 15	AX Limited		
	Goods	3250	
	Less Trade discount	650	2600
24	FM Limited		
	Goods	1820	
	Less Trade discount	273	1547
31	Total for month		4147

Purchases Returns Journal

2018		$	$
March 17	AX Limited		
	Goods	450	
	Less Trade discount	90	360
28	FM Limited		
	Goods	200	
	Less Trade discount	30	170
31	Total for month		530

Harry made the following payments by cheque.

2018
March 4 AX Limited, $2425, in full settlement of the amount due on that date.
30 FM Limited to settle the amount due on that date. No cash discount was received.

REQUIRED

(a) Enter the transactions for March in the following ledger accounts.

Close the accounts on 31 March 2018 by balancing or by making a transfer to the income statement.

Some entries have already been made in the accounts during the year.

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Harry
AX Limited account

Date	Details	$	Date	Details	$
			2018		
.....	.....	.....	*Mar 1*	*Balance b/d*	*2500*
.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....

FM Limited account

Date	Details	$	Date	Details	$
			2018		
.....	.....	.....	*Mar 1*	*Balance b/d*	*750*
.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....

Purchases account

Date	Details	$	Date	Details	$
2018					
Feb 28	*Total to date*	*43 000*	.....	.....	.....
.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....

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Purchases returns account

Date	Details	$	Date	Details	$
			2018		
.....	.....	.....	*Feb 28*	*Total to date*	*5020*
.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....

[12]

(b) **(i)** Suggest **one** reason why AX Limited allowed Harry trade discount on his purchases on 15 March 2018.

.....

.....[1]

(ii) Calculate the percentage of trade discount AX Limited allowed Harry on his purchases on 15 March 2018.

.....

.....[1]

(c) Name the following documents:

(i) the document issued by AX Limited on 15 March 2018

.....[1]

(ii) the document issued by Harry on 17 March 2018

.....[1]

(iii) the document which AX Limited may issue on 31 March 2018

.....[1]

[Total: 17]

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5 Addae opened a factory making children's clothes on 1 February 2017.

He provided the following information at the end of his first year of trading.

		$
Purchases of raw materials		48 400
Direct factory wages		38 800
Indirect factory wages		27 140
General factory expenses		3 150
Carriage inwards		1 950
Factory heat and light		1 110
Factory insurance		1 860
Inventory at 31 January 2018:	raw materials	5 150
	work in progress	7 260
	finished goods	5 500

Factory machinery, $75 000, was purchased on 1 February 2017 and is to be depreciated by 20% per annum.

REQUIRED

(a) Define and give **one** example of **each** of the following types of inventory in Addae's business.

(i) Raw materials

Definition .....

.....

Example .....[2]

(ii) Work in progress

Definition .....

.....

Example .....[2]

(iii) Finished goods

Definition .....

.....

Example .....[2]

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(b) Prepare the manufacturing account for the year ended 31 January 2018.

Addae
Manufacturing Account for the year ended 31 January 2018

	$	$
.....	.....	.....
.....	.....	.....
.....	.....	.....
.....	.....	.....
.....	.....	.....
.....	.....	.....
.....	.....	.....
.....	.....	.....
.....	.....	.....
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.....	.....	.....
.....	.....	.....

[10]

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The cost of production was higher than Addae expected.

REQUIRED

(c) Suggest **two** ways in which the cost of production could be reduced apart from purchasing lower quality materials.

1.....

.....

2.....

.....[2]

After the preparation of the manufacturing account, Addae provided the following additional information.

	$
Revenue	179 250
Cost of sales	119 500
Administration and selling expenses	34 750

REQUIRED

(d) Calculate the percentage of gross profit to revenue (gross profit margin).
The calculation should be to **two** decimal places.

.....

.....

.....[2]

(e) Calculate the percentage of profit for the year to revenue (net profit margin).
The calculation should be to **two** decimal places.

.....

.....

.....[2]

(f) Suggest **two** ways in which the percentage of profit for the year to revenue could be improved.

1.....

.....

2.....

.....[2]

[Total: 24]

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6 Mai is a trader. At the end of her financial year on 31 March 2018 she opened a suspense account with a debit balance of $650.

REQUIRED

(a) State **two** reasons why it was necessary for Mai to open a suspense account.

1.....

.....

2.....

.....[2]

Mai discovered that some errors had been made in her accounting records.

REQUIRED

(b) Complete the following table to show the entries required to correct **each** error.

The first one has been completed as an example.

error		entries required to correct the error			
		debit		credit	
		account	$	account	$
1	motor expenses, $150, debited to motor vehicles account	*motor expenses*	*150*	*motor vehicles*	*150*
2	carriage inwards, $120, debited to carriage outwards account				
3	sales journal overcast by $1000				
4	wages, $460, debited to wages account as $640				

[6]

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(c) State whether all the errors in Mai's books have been discovered.
Give a reason for your answer.

Have all the errors been discovered? .....

Reason

.....

.....

.....[2]

(d) Complete the statement to show the effect on the profit for the year of **correcting** errors 1–4.
Where the error does not affect the profit **write** "no effect".

Mai
Statement of corrected profit for the year ended 31 March 2018

	Increase in profit $	Decrease in profit $	$
Profit for the year before corrections			4150
Error 1	.....	.....	
Error 2	.....	.....	
Error 3	.....	.....	
Error 4	.....	.....	
	_____	_____	
	_____	_____	
			_____
Corrected profit for the year			_____

[6]

[Total: 16]

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