



UNIVERSITY OF CAMBRIDGE INTERNATIONAL EXAMINATIONS
International General Certificate of Secondary Education

ACCOUNTING

0452/01

Paper 1 Multiple Choice

October/November 2009

1 hour

Additional Materials: Multiple Choice Answer Sheet
Soft clean eraser
Soft pencil (type B or HB is recommended)



READ THESE INSTRUCTIONS FIRST

Write in soft pencil.

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

Write your name, Centre number and candidate number on the Answer Sheet in the spaces provided unless this has been done for you.

There are **forty** 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 separate Answer Sheet.

Read the instructions on the Answer Sheet very carefully.

Each correct answer will score one mark. A mark will not be deducted for a wrong answer.

Any rough working should be done in this booklet.

Calculators may be used.

This document consists of **12** printed pages.



1 Which group contains only assets?

- A cash at bank, debtors, prepaid rent
- B cash, motor vehicle, bank overdraft
- C creditors, bank loan, machinery
- D debtors, unpaid wages, stock

2 Amber had the following assets and liabilities.

| | \$ |
|----------------------------|------|
| fixtures at cost | 5120 |
| bank overdraft | 310 |
| amounts owing by customers | 2190 |
| amounts owing to suppliers | 2570 |
| rent paid in advance | 320 |
| wages outstanding | 170 |

What was her capital?

- A \$4280
- B \$4580
- C \$5200
- D \$5340

3 A trader provided the following information for the year ended 31 August 2009.

| | \$ |
|---------------|--------|
| sales | 80 000 |
| cost of sales | 50 000 |
| net profit | 14 000 |

What were the expenses for the year ended 31 August 2009?

- A \$16 000
- B \$30 000
- C \$36 000
- D \$66 000

4 Which is calculated in a profit and loss account?

- A capital
- B drawings
- C gross profit
- D net profit

- 5 John is a trader. His business cash book includes the following payments.

| | \$ |
|---------------------------------|--------|
| rates for the business premises | 200 |
| rates for John's private house | 100 |
| wages of employees | 25 000 |
| wages of John | 3 000 |

How much will appear under expenses in the profit and loss account?

- A** \$25 200 **B** \$25 300 **C** \$28 200 **D** \$28 300
- 6 The skill and knowledge of the workforce is **not** shown as an asset in the balance sheet of a business.

Which accounting principle is being applied?

- A** business entity
B consistency
C money measurement
D prudence
- 7 Joe always depreciates his fixed assets using the straight line method.

Which accounting principle is he applying?

- A** consistency
B duality
C going concern
D realisation
- 8 On 1 January 2008 Maria had a stock of stationery valued at \$60.
 At 31 December 2008 her stock of stationery was valued at \$90.
 During the year Maria purchased stationery costing \$250.

Applying the matching principle, how much should be charged for stationery in the profit and loss account for the year ended 31 December 2008?

- A** \$220 **B** \$250 **C** \$280 **D** \$310

- 9 Henrick sent Jan an invoice for goods supplied on credit.

In which of Jan's books of prime (original) entry will the invoice be entered?

- A cash book
- B journal
- C purchases journal
- D sales journal

- 10 Paul had the following transactions with David, a new customer.

| | | | \$ |
|-------|----|--------------------------------|-----|
| March | 4 | goods invoiced to David | 350 |
| | 7 | debit note received from David | 25 |
| | 8 | credit note issued to David | 20 |
| | 19 | cheque received from David | 300 |
| | 28 | goods invoiced to David | 470 |
| April | 1 | cheque received from David | 30 |

Paul sent a statement of account to David on 31 March.

What was shown as the balance due on that date?

- A \$470
 - B \$475
 - C \$500
 - D \$525
- 11 In which book of prime (original) entry is the purchase of a fixed asset on credit recorded?
- A cash book
 - B journal
 - C purchases journal
 - D purchases returns journal
- 12 Gugu sells goods on credit to Janet.
Gugu offers Janet 25 % trade discount and 2 % cash discount for prompt payment.
Janet purchased goods, list price \$1000, on credit from Gugu.
What entry will Janet make in her books of prime (original) entry?
- A purchases journal \$735
 - B sales journal \$735
 - C purchases journal \$750
 - D sales journal \$750

- 13 An office junior keeps a petty cash book using the imprest system. The monthly imprest amount is \$150.

Petty cash payments during September were:

| | \$ |
|----------------|----|
| stationery | 25 |
| tea and coffee | 33 |
| postage | 27 |

How much will be received from the chief cashier on 1 October to restore the imprest amount?

- A \$65 B \$85 C \$150 D \$235
- 14 The following is an extract from Ali's sales returns journal.

| date | name | amount |
|--------|---------|------------|
| | | \$ |
| June 7 | Hassan | 150 |
| 15 | Mohamed | 430 |
| 28 | Karim | <u>110</u> |
| 30 | | <u>690</u> |

Ali enters this information in the customers' accounts.

Where will the double entry be made on the 30 June?

- A credit - sales account
 B debit - sales account
 C credit - sales returns account
 D debit - sales returns account

15 Sarah sublets part of her premises to Ruth.

A cheque for rent has been received from Ruth.

How will Sarah record this in her ledger?

| | account to be debited | account to be credited |
|----------|-----------------------|------------------------|
| A | bank | rent receivable |
| B | rent receivable | bank |
| C | rent receivable | Ruth |
| D | Ruth | bank |

16 What is **not** a purpose of preparing a trial balance?

- A** to aid the preparation of final accounts
- B** to check the arithmetical accuracy of the double entry book keeping
- C** to help locate arithmetical errors
- D** to prove that the double entry has been carried out without errors

17 Which error affects the balancing of a trial balance?

- A** a purchase invoice, \$2000, completely omitted from the books
- B** a sale on credit, \$500, entered in the sales journal as \$550
- C** purchase of a machine, \$5000, entered in the purchases account
- D** the purchases journal undercast by \$1000

18 A business pays rent of \$10 000. This was entered correctly in the cash book, but was debited to the rent account as \$1000. A suspense account was opened for the difference.

Which is the correcting entry?

| | account to be debited | \$ | account to be credited | \$ |
|----------|-----------------------|------|------------------------|------|
| A | rent | 1000 | suspense | 1000 |
| B | suspense | 1000 | rent | 1000 |
| C | rent | 9000 | suspense | 9000 |
| D | suspense | 9000 | rent | 9000 |

19 What is a bank reconciliation statement?

- A a statement presented by a business to the bank listing cheques to be credited by the bank
- B a statement sent by a business to a customer who has purchased goods on credit
- C a statement sent to a customer each month by the bank
- D a statement showing the differences between a business's cash book balance and the bank statement balance

20 The bank statement showed a balance of \$1650 credit. Dishonoured cheques, \$310, and standing orders, \$55, paid by the bank, have not been entered in the cash book.

What was the debit balance on the cash book before it was updated?

- A \$1285 B \$1395 C \$1905 D \$2015

21 At the end of her financial year, Sara owes \$50 for property tax.

How will the adjustment for this affect Sara's final accounts?

- A decrease expenses and increase current assets
- B decrease expenses and increase current liabilities
- C increase expenses and increase current assets
- D increase expenses and increase current liabilities

22 Shilpa charges a tenant rent of \$7500 a year. The tenant owed \$1300 at the beginning of the year and had prepaid \$700 at the end of the year.

How much did Shilpa receive for rent during the year?

- A \$5500 B \$6900 C \$8100 D \$9500

23 Nicholas is a baker.

Which item would be a capital receipt?

- A cash received from the sale of bread
- B cheque received from the sale of an oven
- C discount received from a creditor
- D rent received from a tenant in cash

24 Motor vehicle expenses were debited to the motor vehicles account.

What is the effect of this error?

| | capital expenditure | | revenue expenditure | |
|----------|---------------------|-------------|---------------------|-------------|
| | overstated | understated | overstated | understated |
| A | ✓ | | | ✓ |
| B | | ✓ | ✓ | |
| C | ✓ | | ✓ | |
| D | | ✓ | | ✓ |

25 Farad's financial year ends on 31 December.

On 31 December 2007 his accounts included:

| | \$ |
|-----------------------------------------|--------|
| equipment at cost | 18 000 |
| provision for depreciation of equipment | 7 000 |

On 1 January 2008 Farad purchased equipment for \$12 000.

Equipment is depreciated at 25 % per annum using the straight line method.

What would be the provision for depreciation of equipment on 31 December 2008?

A \$5750 **B** \$7500 **C** \$12 750 **D** \$14 500

26 Which statement describes the reducing balance method of depreciation?

- A** The percentage rate changes each year.
- B** The percentage rate increases each year.
- C** The percentage rate is the same each year.
- D** The percentage rate reduces each year.

27 A business values its stock at \$35 600.

This includes \$2500 for goods which can only be sold for \$800.

At which value should stock be recorded in the final accounts?

A \$33 100 **B** \$33 900 **C** \$34 800 **D** \$35 600

- 28 Which appears in both the profit and loss account and the balance sheet of a sole trader?
- A creditors
 - B gross profit
 - C net profit
 - D sales
- 29 How is the cost of goods sold calculated?
- A opening stock + purchases + closing stock
 - B opening stock + purchases – closing stock
 - C opening stock – purchases + closing stock
 - D opening stock – purchases – closing stock
- 30 How is discount received shown in the final accounts of a sole trader?
- A as an expense in the profit and loss account
 - B as an expense in the trading account
 - C as income in the profit and loss account
 - D as income in the trading account
- 31 At the end of her financial year Melissa had prepaid insurance.
In which section of Melissa's balance sheet will this appear?
- A current assets
 - B current liabilities
 - C fixed assets
 - D long-term liabilities
- 32 Which is credited to a partnership profit and loss appropriation account?
- A interest on capital
 - B interest on drawings
 - C partners' drawings
 - D partners' salaries

33 A partnership makes a loss during the financial year.

How is this shown in the accounts?

| | account to be debited | account to be credited |
|----------|----------------------------|----------------------------|
| A | appropriation account | partners' capital accounts |
| B | appropriation account | partners' current accounts |
| C | partners' capital accounts | appropriation account |
| D | partners' current accounts | appropriation account |

34 A trader provides the following information for the year ended 31 December 2008.

| | \$ |
|---------------------------------------|---------|
| debtors at 1 January 2008 | 10 000 |
| cheques received from debtors in 2008 | 265 000 |
| debtors at 31 December 2008 | 14 000 |

What were the credit sales for the year ended 31 December 2008?

A \$261 000 **B** \$269 000 **C** \$275 000 **D** \$289 000

35 Yeung, a sole trader, does not maintain any accounting records.

During the year ended 31 May 2009 he did not introduce any additional capital and did not make any drawings.

His capital on 31 May 2009 was less than his capital on 1 June 2008.

What does this show?

- A** He made a gross loss.
- B** He made a gross profit.
- C** He made a net loss.
- D** He made a net profit.

36 The following balances have been taken from a trader's books.

| | \$ |
|--------------------------|--------|
| stock | 20 000 |
| equipment | 70 000 |
| trade debtors | 60 000 |
| trade creditors | 35 000 |
| long-term loan from bank | 20 000 |
| cash at bank | 5 000 |

What is the total of the current assets?

- A** \$80 000 **B** \$85 000 **C** \$105 000 **D** \$155 000

37 Paul had sales of \$400 000. His expenses were \$100 000 and his net profit was \$60 000.

What was the gross profit as a percentage of sales?

- A** 40% **B** 60% **C** 75% **D** 85%

38 Which formula is used to calculate the rate of stock-turnover?

- A** $\frac{\text{average stock}}{\text{cost of goods sold}}$
- B** $\frac{\text{cost of goods sold}}{\text{average stock}}$
- C** $\frac{\text{opening stock less closing stock}}{2}$
- D** $\frac{\text{opening stock plus closing stock}}{2}$

39 Which shows how well a business controls its expenses?

- A** current ratio
- B** percentage of gross profit to sales
- C** percentage of net profit to sales
- D** rate of stock turnover

40 A business provided the following information.

| | year 1 | year 2 |
|---------------------------------------|--------|--------|
| gross profit as a percentage of sales | 25 | 25 |
| net profit as a percentage of sales | 12 | 8 |

Which statement is correct if the total annual sales figure is unchanged?

- A cost of sales has fallen
- B cost of sales has increased
- C total expenses have fallen
- D total expenses have increased