



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

CANDIDATE NAME

CENTRE NUMBER

CANDIDATE NUMBER



**ACCOUNTING**

Paper 1

**0452/13**

**October/November 2019**

**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 **23** printed pages and **1** blank page.

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) Insurance paid by a business included \$400 relating to the owner's private house. This amount was **not** included in the income statement.

Which accounting principle was applied?

- A** accruals (matching)
- B** business entity
- C** duality
- D** prudence

[1]

- (b) The following account appeared in Jacob's ledger.

Cindy account

| Date   | Details     | \$         | Date  | Details     | \$         |
|--------|-------------|------------|-------|-------------|------------|
| 2019   |             |            | 2019  |             |            |
| Aug 16 | Returns     | 110        | Aug 1 | Balance b/d | 450        |
| 29     | Bank        | 441        | 14    | Purchases   | 390        |
|        | Discount    | 9          |       |             |            |
| 31     | Balance c/d | <u>280</u> |       |             |            |
|        |             | <u>840</u> |       |             | <u>840</u> |

Which statement is correct?

- A** Cindy paid Jacob \$441 by cheque on 29 August.
- B** Cindy purchased goods, \$390, on credit from Jacob on 14 August.
- C** Jacob allowed Cindy \$9 cash discount on 29 August.
- D** Jacob owed Cindy \$450 on 1 August.

[1]

- (c) What is **not** a requirement of the accounting objective of reliability?

- A** information must be available in time for decisions to be made
- B** information must be free from bias
- C** information must be free from errors
- D** information must be prepared with suitable caution applied to any judgement

[1]

- (d) On 2 September Tumelo purchased goods on credit, list price \$4200, less trade discount of 20% and a cash discount of 2% if the invoice was paid within 30 days.

On 5 September Tumelo returned one-third of the goods to the supplier.

Which amount did Tumelo enter in his purchases returns journal?

A \$1092

B \$1120

C \$1372

D \$1400

[1]

- (e) Which statements about debentures are correct?

1 Debentures carry a fixed rate of interest.

2 Debentures do not carry voting rights.

3 Debenture holders are members of the company.

4 Debenture interest depends on the profit of the company.

A 1 and 2

B 1 and 4

C 2 and 3

D 3 and 4

[1]

- (f) The totals of a trial balance did not agree.

Which error caused this?

A A cheque paid to Hong for \$500 had been credited to the account of Heng.

B An invoice for goods purchased, \$50, was entered in the purchases journal as \$500.

C Goods sold on credit to Gemma, \$500, were debited to the account of Gina.

D Rent paid by cheque, \$500, was debited to the rent receivable account.

[1]

- (g) Sally provided the following information at the end of her financial year.

|                   |        |
|-------------------|--------|
|                   | \$     |
| Revenue           | 44 000 |
| Opening inventory | 3 000  |
| Closing inventory | 1 000  |
| Purchases         | 32 000 |
| Expenses          | 6 000  |

What was Sally's percentage of gross profit to revenue (gross profit margin)?

- A** 9.09%  
**B** 11.76%  
**C** 22.73%  
**D** 29.41%

  
  
  


[1]

- (h) A food retailer purchased a computer and debited the cost to the purchases account.

What was the effect on the profit for the year and the non-current assets?

|          | profit for the year |             | non-current assets |             |
|----------|---------------------|-------------|--------------------|-------------|
|          | overstated          | understated | overstated         | understated |
| <b>A</b> | ✓                   |             | ✓                  |             |
| <b>B</b> | ✓                   |             |                    | ✓           |
| <b>C</b> |                     | ✓           | ✓                  |             |
| <b>D</b> |                     | ✓           |                    | ✓           |

  
  
  


[1]

- (i) Hassan's trial balance did not balance and a suspense account was opened.

It was found that the total of the discount received column in the cash book, \$173, had been debited to the discount allowed account in the ledger.

Which journal entry corrects this error?

|          | details   | debit<br>\$ | credit<br>\$ |
|----------|---|-------------|--------------|
| <b>A</b> | discount allowed<br>discount received<br>suspense | 173<br>173  | 346          |
| <b>B</b> | discount received<br>suspense                     | 173         | 173          |
| <b>C</b> | suspense<br>discount allowed                      | 173         | 173          |
| <b>D</b> | suspense<br>discount allowed<br>discount received | 346         | 173<br>173   |

  
  
  


[1]

- (j) Beketele's financial year ends on 31 December. On 1 January 2015 she purchased a machine costing \$18 000. The machine was depreciated by 15% per annum using the straight line (equal instalment) method. The machine was sold on 1 January 2019.

What was the book value of the machine on the date of sale?

- A** \$4500  
**B** \$7200  
**C** \$10 800  
**D** \$13 500

[1]

[Total: 10]

- 2 Aisha is a retailer. She buys goods on credit from Kadir, a wholesaler. They exchanged several documents during September 2019.

The following incomplete document was issued on 18 September 2019.

| Credit Note                          |   |                                     |   |
|--------------------------------------|---|-------------------------------------|---|
| Aisha<br>14 Straight Row<br>Anywhere |   | Kadir<br>123 West View<br>Some City |   |
|                                      |   | 18 September 2019                   |   |
| Quantity                             | Description   | Unit price<br>\$                    | Amount<br>\$  |
| 70                                   | Suits assorted sizes<br><br>Less 20% Trade discount<br><br>Reason for issue: Correcting overcharge<br>on goods supplied on 4 September 2019 | (i) .....                           | 4130<br><br><u>(ii) .....</u><br><br><u>(iii) .....</u> |

**REQUIRED**

- (a) Insert the missing figures in (i) – (iii) in the above document. [3]

- (b) Name the person who issued the above document.

..... [1]

- (c) Suggest **one** reason why a credit note may be issued **other than** correcting an overcharge.

.....  
..... [1]

- (d) State why it was necessary to deduct trade discount on the credit note.

.....  
..... [1]

- (e) Name the book of prime (original) entry in which **each** trader would record the credit note.

| book of prime (original) entry<br>used by Aisha | book of prime (original) entry<br>used by Kadir |
|---|---|
| .....   | .....   |

[2]

On 1 September 2019 Aisha owed Kadir \$3400.

During September 2019 Aisha and Kadir exchanged the following documents (in addition to the credit note).

September 4 Invoice for goods, \$8960

13 Debit note, \$3540, claiming overcharge for goods supplied on 4 September

27 Cheque to settle balance outstanding on 1 September less 2% cash discount

30 Statement of account showing a closing balance of \$5656

**REQUIRED**

(f) Name the book of prime (original) entry in which Aisha would record these documents. If the document is not recorded in a book of prime (original) entry, write 'no entry'.

| document             | book of prime (original) entry used by Aisha |
|----------------------|--|
| invoice              | .....  |
| debit note           | .....  |
| cheque               | .....  |
| statement of account | .....  |

[4]

- (g) Prepare the account of Kadir as it would appear in the ledger of Aisha for the month of September 2019.  
Balance the account and bring down the balance on 1 October 2019.

Aisha  
Kadir account

| Date<br>2019 | Details | \$    | Date<br>2019 | Details | \$    |
|--------------|---------|-------|--------------|---------|-------|
| .....        | .....   | ..... | .....        | .....   | ..... |
| .....        | .....   | ..... | .....        | .....   | ..... |
| .....        | .....   | ..... | .....        | .....   | ..... |
| .....        | .....   | ..... | .....        | .....   | ..... |
| .....        | .....   | ..... | .....        | .....   | ..... |
| .....        | .....   | ..... | .....        | .....   | ..... |
| .....        | .....   | ..... | .....        | .....   | ..... |
| .....        | .....   | ..... | .....        | .....   | ..... |
| .....        | .....   | ..... | .....        | .....   | ..... |
| .....        | .....   | ..... | .....        | .....   | ..... |

[7]

- (h) State the name of the ledger in which Aisha would maintain Kadir’s account.

..... [1]

[Total: 20]



3 Timothy is a trader who buys and sells on both cash and credit terms. He maintains a full set of accounting records and prepares monthly control accounts.

**REQUIRED**

(a) State **two** advantages to Timothy of preparing monthly control accounts.

1 .....

.....

2 .....

..... [2]

(b) Name the book of prime (original) entry which Timothy would use to obtain the following information when preparing his purchases ledger control account.

|                                     | book of prime (original) entry |
|-------------------------------------|--------------------------------|
| purchases returns                   |                                |
| contra entry                        |                                |
| discount received                   |                                |
| interest charged on overdue account |                                |

[4]

(c) State the meaning of a contra entry in connection with control accounts. State why Timothy made a contra entry.

Meaning .....

.....

Reason .....

..... [2]

(d) State **two** reasons why it is possible for Timothy to have a debit balance on his purchases ledger control account.

1 .....

.....

2 .....

..... [2]

Timothy provided the following information for October 2019.

|   |      |
|---|------|
|   | \$   |
| On 1 October  |      |
| Debit balance on sales ledger control account           | 6530 |
| Credit balance on sales ledger control account          | 110  |
| Totals for the month of October                         |      |
| Credit sales  | 7860 |
| Cash sales  | 3850 |
| Receipts from credit customers                          | 5782 |
| Discount allowed to credit customers                    | 118  |
| Discount received from credit suppliers                 | 246  |
| Returns by credit customers                             | 285  |
| Bad debts written off                                   | 260  |
| Increase in provision for doubtful debts                | 170  |
| Contra entry  | 300  |
| Interest charged on a credit customer's overdue account | 15   |
| On 1 November   |      |
| Debit balance on sales ledger control account           | ?    |
| Credit balance on sales ledger control account          | 80   |

**REQUIRED**

- (e) Select the relevant figures and prepare the sales ledger control account for the month of October 2019.  
 Balance the account and bring down the balances on 1 November 2019.

Timothy  
Sales ledger control account

| Date<br>2019 | Details     | \$    | Date<br>2019 | Details     | \$    |
|--------------|-------------|-------|--------------|-------------|-------|
| Oct 1        | Balance b/d | 6530  | Oct 1        | Balance b/d | 110   |
| .....        | .....       | ..... | .....        | .....       | ..... |
| .....        | .....       | ..... | .....        | .....       | ..... |
| .....        | .....       | ..... | .....        | .....       | ..... |
| .....        | .....       | ..... | .....        | .....       | ..... |
| .....        | .....       | ..... | .....        | .....       | ..... |
| .....        | .....       | ..... | .....        | .....       | ..... |
| .....        | .....       | ..... | .....        | .....       | ..... |
| .....        | .....       | ..... | .....        | .....       | ..... |
| .....        | .....       | ..... | .....        | .....       | ..... |
| .....        | .....       | ..... | .....        | .....       | ..... |
| .....        | .....       | ..... | .....        | .....       | ..... |
| .....        | .....       | ..... | .....        | .....       | ..... |
| .....        | .....       | ..... | .....        | .....       | ..... |
| .....        | .....       | ..... | .....        | .....       | ..... |
| .....        | .....       | ..... | .....        | .....       | ..... |

[9]

[Total: 19]

**Question 4 is on the next page.**

- 4 Abiola started a business on 1 September 2017. On that date she opened a business bank account with a capital of \$40 000 and a loan of \$10 000. On the same day she purchased inventory, \$6600, and fixtures and fittings, \$11 750, paying by bank transfer.

**REQUIRED**

- (a) Prepare a journal entry, to include all the above information, to open the books of the business on 1 September 2017.  
A narrative **is** required.

Abiola  
General Journal

| Date<br>2017  | Details | Debit<br>\$ | Credit<br>\$ |
|---------------|---------|-------------|--------------|
| <i>Sept 1</i> | .....   | .....       | .....        |
| .....         | .....   | .....       | .....        |
| .....         | .....   | .....       | .....        |
| .....         | .....   | .....       | .....        |
| .....         | .....   | .....       | .....        |
| .....         | .....   | .....       | .....        |
| .....         | .....   | .....       | .....        |
| .....         | .....   | .....       | .....        |
| .....         | .....   | .....       | .....        |
| .....         | .....   | .....       | .....        |

[5]

- (b) State why it is useful to show a narrative as part of a journal entry.

.....

.....

.....

..... [2]

The following transactions took place on 1 March 2018.

- 1 Abiola transferred her private motor vehicle to the business at a valuation of \$12000.
- 2 Abiola took goods, \$450, from the business for personal use.

**REQUIRED**

- (c) Prepare journal entries to record the transactions of 1 March 2018.  
Narratives are **not** required.

Abiola  
General Journal

|   | Date<br>2018 | Details | Debit<br>\$ | Credit<br>\$ |
|---|--------------|---------|-------------|--------------|
| 1 | <i>Mar 1</i> | .....   | .....       | .....        |
|   |              | .....   | .....       | .....        |
|   |              | .....   | .....       | .....        |
| 2 | <i>Mar 1</i> | .....   | .....       | .....        |
|   |              | .....   | .....       | .....        |
|   |              | .....   | .....       | .....        |

[4]

Abiola rents premises at an annual rent of \$6000, payable on the first of each month.

She provided the following information.

|             |                      |     |
|-------------|----------------------|-----|
|             |                      | \$  |
| 2018        |                      |     |
| September 1 | Rent payable accrued | 500 |

The following amounts of rent were paid by bank transfer.

|  |             |      |
|--|-------------|------|
|  |             |      |
|  | 2018        |      |
|  | September 2 | 3000 |
|  | 2019        |      |
|  | February 3  | 3000 |
|  | August 6    | 1500 |

**REQUIRED**

- (d) Prepare the rent payable account in the ledger of Abiola for the year ended 31 August 2019. Balance the account and bring down the balance on 1 September 2019.

Abiola  
Rent payable account

| Date  | Details | \$    | Date  | Details | \$    |
|-------|---------|-------|-------|---------|-------|
| ..... | .....   | ..... | ..... | .....   | ..... |
| ..... | .....   | ..... | ..... | .....   | ..... |
| ..... | .....   | ..... | ..... | .....   | ..... |
| ..... | .....   | ..... | ..... | .....   | ..... |
| ..... | .....   | ..... | ..... | .....   | ..... |
| ..... | .....   | ..... | ..... | .....   | ..... |
| ..... | .....   | ..... | ..... | .....   | ..... |
| ..... | .....   | ..... | ..... | .....   | ..... |
| ..... | .....   | ..... | ..... | .....   | ..... |
| ..... | .....   | ..... | ..... | .....   | ..... |

[5]

- (e) Explain how the accounting principle of accruals (matching) was applied in the preparation of the rent payable account.

.....

.....

.....

.....

.....

..... [2]

Abiola receives commission from another trader when Abiola’s customers purchase goods from his shop.

Abiola provided the following information.

|             |                                   |  |  |     |    |
|-------------|-----------------------------------|--|--|-----|----|
|             |                                   |  |  |     | \$ |
| 2018        |                                   |  |  |     |    |
| September 1 | Commission receivable outstanding |  |  | 350 |    |

The following amounts of commission were received by bank transfer.

|              |    |  |  |     |  |
|--------------|----|--|--|-----|--|
|              |    |  |  |     |  |
| 2018         |    |  |  |     |  |
| September 30 |    |  |  | 350 |  |
| 2019         |    |  |  |     |  |
| January      | 31 |  |  | 425 |  |
| April        | 30 |  |  | 395 |  |
| July         | 31 |  |  | 470 |  |

On 31 August 2019 commission receivable outstanding amounted to \$310.

**REQUIRED**

- (f) Prepare the commission receivable account in the ledger of Abiola for the year ended 31 August 2019.  
Balance the account and bring down the balance on 1 September 2019.

Abiola  
Commission receivable account

| Date  | Details | \$    | Date  | Details | \$    |
|-------|---------|-------|-------|---------|-------|
| ..... | .....   | ..... | ..... | .....   | ..... |
| ..... | .....   | ..... | ..... | .....   | ..... |
| ..... | .....   | ..... | ..... | .....   | ..... |
| ..... | .....   | ..... | ..... | .....   | ..... |
| ..... | .....   | ..... | ..... | .....   | ..... |
| ..... | .....   | ..... | ..... | .....   | ..... |
| ..... | .....   | ..... | ..... | .....   | ..... |
| ..... | .....   | ..... | ..... | .....   | ..... |
| ..... | .....   | ..... | ..... | .....   | ..... |
| ..... | .....   | ..... | ..... | .....   | ..... |

[5]

[Total: 23]



- 5 The KW Sports Club has 50 members. The annual subscription is \$85. The financial year ends on 30 September. The treasurer prepares a full set of financial statements at the end of each financial year.

On 1 October 2018 subscriptions had been prepaid by 14 members.

On 30 September 2019 subscriptions had been prepaid by 10 members and 22 members had not paid their subscription for the year.

**REQUIRED**

- (a) State the meaning of the word 'subscriptions' in connection with clubs and societies.

.....  
..... [1]

- (b) Calculate the subscriptions received during the year ended 30 September 2019.

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

- (c) Discuss the possible effects on the bank account and the income and expenditure account of KW Sports Club if the annual subscription was increased to \$105.

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

(d) State **four** ways in which an income and expenditure account differs from a receipts and payments account.

1 .....

.....

.....

.....

2 .....

.....

.....

.....

3 .....

.....

.....

.....

4 .....

.....

.....

..... [4]

The income and expenditure account for the year ended 30 September 2019 showed a deficit. After the preparation of the account it was found that several errors had been made.

**REQUIRED**

(e) Complete the table by placing a tick (✓) in the correct column to indicate the **effect of each error** on the deficit for the year.  
If the error does not affect the deficit place a tick (✓) in the column headed 'no effect'.

| error  | effect of error on the deficit |             |           |
|--|--------------------------------|-------------|-----------|
|  | overstated                     | understated | no effect |
| the total of the income from a sports competition was understated                                |                                |             |           |
| no entry had been made for bank charges  |                                |             |           |
| proceeds of sale of club equipment were included in the income                                   |                                |             |           |
| no adjustment was made of club shop wages accrued at the year-end                                |                                |             |           |
| shop rent was charged to the income and expenditure account instead of the shop income statement |                                |             |           |

[5]

[Total: 19]

**PLEASE TURN OVER**

- 6 Amrit runs a secretarial agency. His financial year ends on 31 July. He prepared the following trial balance on 31 July 2019.

|  | \$             | \$             |
|--|----------------|----------------|
| Fees from clients                              |                | 58 800         |
| Premises (at cost)                             | 90 000         |                |
| Office equipment (at cost)                     | 16 000         |                |
| Provision for depreciation of office equipment |                | 3 200          |
| Capital  |                | 85 000         |
| Drawings                                       | 11 500         |                |
| 5% Loan (repayable 1 February 2020)            |                | 15 000         |
| Trade receivables                              | 4 650          |                |
| Provision for doubtful debts                   |                | 100            |
| Bad debts                                      | 80             |                |
| Insurance                                      | 2 100          |                |
| Wages  | 38 000         |                |
| Operating expenses                             | 6 500          |                |
| Rent receivable                                |                | 3 000          |
| Bank   |                | 3 730          |
|  | <u>168 830</u> | <u>168 830</u> |

The following information is available.

- 1 The insurance covers a period of 14 months to 30 September 2019.
- 2 At 31 July 2019 wages, \$1500, were accrued and one year's loan interest was outstanding.
- 3 A debt of \$150 should be written off as irrecoverable.
- 4 The provision for doubtful debts should be maintained at 3% of the remaining trade receivables.
- 5 The office equipment is to be depreciated at 20% per annum using the reducing (diminishing) balance method.



Amrit is considering several proposals to try to increase his working capital.

**REQUIRED**

- (b) Complete the table by placing a tick (✓) in the correct column to indicate how **each** proposal would affect Amrit's working capital.

|   | increase | decrease | no effect |
|---|----------|----------|-----------|
| extend the loan for a further 2 years         |          |          |           |
| ask the bank to extend the overdraft facility |          |          |           |
| purchase new office equipment on credit       |          |          |           |

[3]

- (c) Suggest **two** possible reasons why Amrit's return on capital employed (ROCE) was higher on 31 July 2019 than it was on 31 July 2018.

- 1 .....
- .....
- 2 .....
- ..... [2]

On 1 August 2019 Amrit decided to admit his sister, Neena, to the business as a partner.

The partnership agreement provided for the following:

- interest on capital of 4% per annum
- interest on drawings of 3%
- Amrit to be entitled to a partnership salary of \$6000 per annum
- profits and losses to be shared Amrit 60% and Neena 40%.

Amrit made an adjustment to his capital so that it equalled \$80 000.

Neena invested \$60 000.

It was estimated that the profit for the first year of trading would be \$15 500.

It was estimated that the partners' drawings during the first year of trading would be Amrit \$7000 and Neena \$5000.

**REQUIRED**

(d) State **two** advantages to Amrit of being a partner rather than a sole trader.

1 .....

.....

2 .....

..... [2]

(e) State **two** disadvantages to Amrit of being a partner rather than a sole trader.

1 .....

.....

2 .....

..... [2]

(f) Complete the estimated profit and loss appropriation account for the year ending 31 July 2020.

Amrit and Neena  
Estimated Profit and Loss Appropriation Account for the year ending 31 July 2020

|                               | \$    | \$     |
|-------------------------------|-------|--------|
| Estimated profit for the year |       | 15 500 |
| Interest on drawings Amrit    | ..... | .....  |
| Neena                         | ..... | .....  |
|                               | ..... | .....  |
| Interest on capital Amrit     | ..... | .....  |
| Neena                         | ..... | .....  |
|                               | ..... | .....  |
| Partnership salary Amrit      | ..... | .....  |
|                               | ..... | .....  |
| Share of profit/loss Amrit    | ..... | .....  |
| Neena                         | ..... | .....  |

[6]

[Total: 29]

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