

Cambridge
IGCSE

CAMBRIDGE
Assessment International Education

2021 to 2025
0452 Yearly Past Papers

Accounting

Paper 1



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Legal Advisor



ACCOUNTING**2****0452/12**

Paper 1 Multiple Choice

February/March 2021**1 hour 15 minutes**

- 1 A business employs a book-keeper and an accountant.

Which task would the accountant perform?

- A extracting balances from the ledger accounts to produce a trial balance
- B making entries in the general journal to adjust a provision for doubtful debts
- C preparing a monthly report that analyses the profitability of the company
- D recording sales and purchase invoices in the books of prime entry

- 2 What are assets?

	amounts owed to a business	amounts owed by a business	items owned by a business
A	no	no	yes
B	no	yes	yes
C	yes	no	yes
D	yes	yes	no

- 3 On 15 February, Kalou made the following entries in his accounts.

debit	\$	credit	\$
bank	228	Droghba	240
discount allowed	12		

Which transaction was being recorded?

- A Droghba paid Kalou by cheque after taking a cash discount.
- B Droghba paid Kalou by cheque after taking a trade discount.
- C Kalou paid Droghba by cheque after taking a cash discount.
- D Kalou paid Droghba by cheque after taking a trade discount.

- 4 Jai is a manufacturer. On 1 February he purchased a machine costing \$15 000 from Vinita. He paid \$10 000 immediately with a cheque from his personal bank account. The balance was to be paid in June.

Which entries did Jai make on 1 February?

	accounts debited	\$	accounts credited	\$
A	machinery	10 000	bank	10 000
B	machinery	10 000	capital	10 000
C	machinery	15 000	bank	10 000
			Vinita	5 000
D	machinery	15 000	capital	10 000
			Vinita	5 000

- 5 Jameel's financial year ends on 31 December. On 1 January 2021 he brought down a debit balance on his stationery account.

What does this balance represent?

- A** amount owing for stationery on 1 January 2021 **C** cost of stationery used during 2020
B amount paid for stationery during 2020 **D** inventory of stationery on 1 January 2021

- 6 Daksha returned goods to Amina.

Which entries did Daksha make in her books?

	debit entry		credit entry	
	account	ledger	account	ledger
A	Amina	general	purchases returns	purchases
B	Amina	purchases	purchases returns	general
C	purchases returns	general	Amina	purchases
D	purchases returns	purchases	Amina	general

- 7 Which book of prime entry is written up from the copies of credit notes issued by a trader?

- A** purchases journal **C** sales journal
B purchases returns journal **D** sales returns journal

- 8 Which transaction is recorded in the general journal?

- A** correction of an error in recording sales returns
B drawings in cash by the owner
C purchase of a motor vehicle by cheque
D purchase of goods on credit

- 9 Raminder maintains a petty cash book using the imprest system. The monthly imprest of \$250 is restored on the first day of each month.

In January the petty cashier spent \$105 and received a refund of \$15 from a stationery supplier.

How much was given to the petty cashier on 1 February to restore the imprest?

- A** \$90 **B** \$105 **C** \$145 **D** \$160

- 10 The totals of a trial balance failed to agree. The total of the credit column was \$10 000. Two errors were later found.

The sales journal had been overcast by \$100.

Goods sold to Sarah on credit for \$200 had been incorrectly debited to Zara.

What was the total of the debit column of the trial balance?

- A** \$9700 **B** \$9900 **C** \$10 100 **D** \$10 300

- 11 On 31 December 2020, the bank column in Farad's cash book showed an overdrawn balance of \$2000.

The following items had not been entered in the cash book.

	\$
standing order for rent	200
interest on bank overdraft	50
credit transfer from X Limited	2900

What was the corrected balance of the bank column in the cash book at 1 January 2021?

- A** \$650 credit **C** \$1150 credit
B \$650 debit **D** \$1150 debit

- 12 Raj is both a customer of and a supplier to Balbir.

Raj's account in Balbir's sales ledger showed a debit balance of \$300. There was a credit balance of \$100 on Raj's account in the purchases ledger. A contra entry between the two accounts was agreed.

Which entry would Balbir make in his purchases ledger control account?

- A** credit \$100 **C** debit \$100
B credit \$200 **D** debit \$200

- 13 Motor vehicle repairs, \$2000, were debited to the motor vehicles account. Motor vehicles are depreciated at 20% per annum on the balance of the account at the year end. What was the **effect** of the error?

	effect on profit for the year		effect on motor vehicles in statement of financial position	
		\$		\$
A	overstated	1600	overstated	1600
B	overstated	2000	overstated	2000
C	understated	1600	understated	1600
D	understated	2000	understated	2000

- 14 Mandeep depreciates his motor vehicles at the rate of 20% using the straight-line method. A full year’s depreciation is provided in the year of purchase. Mandeep bought a motor vehicle on 1 January 2017 for \$20 000. On 1 June 2020 he bought a second motor vehicle for \$10 000. What was the depreciation charge on motor vehicles for the year ended 31 December 2020?
- A** \$2000 **B** \$4000 **C** \$5000 **D** \$6000

- 15 The following ledger account appeared in the books of a trader.

Rates account					
		\$			\$
Jan 1	Balance b/d	240	Dec 31	Income statement	2880
June 30	Bank	2160			
Dec 31	Balance c/d	480			
		<u>2880</u>			<u>2880</u>

Which statement is correct?

- A** Rates are accrued at both the start and the end of the year.
B Rates are accrued at the start of the year and prepaid at the end of the year.
C Rates are prepaid at both the start and the end of the year.
D Rates are prepaid at the start of the year and accrued at the end of the year.

- 16 A book-keeper made the following ledger entry.

account debited	account credited
bank	debts recovered

Which transaction has been recorded?

- A** A credit customer has paid his account by the due date.
B A late payment has been received for a debt not yet written off.
C A payment has been received for a debt that had been written off.
D An irrecoverable debt has been written off.

17 The following accounts appeared in the ledger of Delta Limited.

Total trade receivables account					
		\$			\$
Jan 1	Balance b/d	30 000	Dec 31	Bank	109 000
Dec 31	Sales	101 000		Balance c/d	22 000
		<u>131 000</u>			<u>131 000</u>

Provision for doubtful debts account					
		\$			\$
Dec 31	Income statement	100	Jan 1	Balance b/d	1 200
	Balance c/d	1 100			
		<u>1 200</u>			<u>1 200</u>

How had the **total** of trade receivables and the **rate** of provision for doubtful debts changed by the end of the year?

	total of trade receivables	rate of provision for doubtful debts
A	decreased	decreased
B	decreased	increased
C	increased	decreased
D	increased	increased

18 On 31 December 2020 Helmut had the following liabilities.

	\$
bank loan repayable 1 September 2021	1500
bank overdraft repayable on demand	1000
loan from finance company repayable 30 June 2024	5000
mortgage repayable 1 March 2022	2000

What was the total of Helmut’s non-current liabilities on 31 December 2020?

- A** \$5000 **B** \$7000 **C** \$8500 **D** \$9500

- 19 Vinita's credit customer paid the amount owing in cash, after deducting 2% discount for prompt payment.

How did this affect Vinita's financial statements?

	income statement	statement of financial position
A	increase expenses	decrease current assets
B	increase expenses	increase current assets
C	increase revenue	decrease current assets
D	increase revenue	increase current assets

- 20 Mohan and Dipak are in partnership. They provided the following information at the end of the financial year.

		\$	\$
profit for the year			30 600
interest on capital	Mohan	1 000	
	Dipak	<u>1 500</u>	2 500
interest on drawings	Mohan	40	
	Dipak	<u>320</u>	360
salary	Mohan		4 000

How much was available for distribution to the partners?

- A** \$23 740 **B** \$24 460 **C** \$27 740 **D** \$29 460
- 21 Raj and Rohit are in partnership sharing profits and losses in the ratio of 2 : 1. Raj is entitled to an annual salary of \$3000. The profit for the year ended 31 December 2020 was \$14 100.

On 1 January 2020, Raj's current account had a debit balance of \$1800.

What was the credit balance on Raj's current account on 1 January 2021?

- A** \$8600 **B** \$10 400 **C** \$12 200 **D** \$12 400
- 22 Which items appear in the capital and reserves section of a statement of financial position of a limited company?

- A** debentures, ordinary share dividend, general reserve
B debentures, retained earnings, general reserve
C ordinary share capital, debentures, retained earnings
D ordinary share capital, general reserve, retained earnings

23 The issued share capital of AN Limited consists of ordinary shares.

On 1 January 2020, the retained earnings were \$78 000.

For the year ended 31 December 2020, the company earned a profit of \$65 000.

An ordinary share dividend of \$20 000 was paid during the year and a further dividend for the year of \$15 000 was proposed. A transfer was made to general reserve of \$40 000.

What was the balance of retained earnings at 31 December 2020?

- A** \$3000 **B** \$5000 **C** \$68 000 **D** \$83 000

24 Which group contains only items which may be recorded in **both** the income statement of a trading business **and** the income and expenditure account of a club?

- A** bank charges, depreciation, wages **C** deficit, sales revenue, treasurer's expenses
B bank charges, gross profit, sales revenue **D** depreciation, treasurer's expenses, wages

25 The following ledger account appeared in the books of a club for the year ended 31 December 2020.

Subscriptions account					
		\$			\$
2020			2020		
Jan 1	Balance b/d	2 000	Dec 31	Bank	29 000
Dec 31	Income and expenditure	24 000			
	Balance c/d	3 000			
		<u>29 000</u>			<u>29 000</u>

Which statement is correct?

- A** Subscriptions prepaid on 1 January 2020 amounted to \$2000.
B Subscriptions prepaid on 31 December 2020 amounted to \$3000.
C Subscriptions received during the year ended 31 December 2020 amounted to \$24 000.
D Subscriptions relating to the year ended 31 December 2020 amounted to \$29 000.

26 The following costs were incurred by a clothing manufacturer.

- 1 purchase of fabric
- 2 purchase of buttons
- 3 repairs to sewing machine
- 4 wages of factory supervisors
- 5 wages of sewing machinists

Which costs are indirect costs?

- A** 1, 2 and 5 **B** 1, 4 and 5 **C** 2 and 3 **D** 3 and 4

- 27 A manufacturer calculated the cost of production for the year at \$57 000. It was found that lighting and heating, \$2000, had been omitted from the financial statements. Lighting and heating is allocated 75% to the factory and 25% to the offices. What was the correct cost of production?

A \$55 500 B \$56 500 C \$57 500 D \$58 500

- 28 Tariq provided the following information.

	31 January 2020 \$	31 January 2021 \$
non-current assets	60 000	70 000
current assets	20 000	25 000
current liabilities	15 000	19 000

Tariq's drawings for the year ended 31 January 2021 were \$5000.

What was the profit for the year ended 31 January 2021?

A \$6000 B \$11 000 C \$14 000 D \$16 000

- 29 Nour does not keep full accounting records. She provided the following information at the end of the financial year.

	\$
decrease in trade receivables during the year	2 000
receipts from trade receivables	58 000
discount allowed	1 200
sales returns	1 500

What were the credit sales for the year?

A \$55 700 B \$57 300 C \$58 700 D \$62 700

- 30 A trader provided the following information.

Return on capital employed was 12.5%.

What was the profit for the year **before** loan interest?

A \$16 500 C \$18 500
B \$18 250 D \$20 500

	\$
non-current assets	132 000
current assets	28 000
current liabilities	12 000
interest paid on loan	2 000

Question	Answer		Marks	
1	C	29	C	1
2	C	30	C	1
3	A	31	C	1
4	D	32	B	1
5	D	33	B	1
6	B	34	C	1
7	D	35	A	1
8	A			1
9	A			1
10	B			1
11	B			1
12	C			1
13	A			1
14	D			1
15	D			1
16	C			1
17	B			1
18	B			1
19	A			1
20	B			1
21	A			1
22	D			1
23	D			1
24	A			1
25	B			1
26	D			1
27	D			1
28	D			1

ACCOUNTING**2****0452/11**

Paper 1 Multiple Choice

May/June 2021**1 hour 15 minutes**

- 1 Which statements about book-keeping and accounting are correct?
- 1 Accounting is performed periodically rather than daily.
 - 2 Accounting relies on having accurate book-keeping records.
 - 3 Book-keeping includes the preparation of financial statements.
 - 4 Book-keeping involves the recording of financial transactions.
- A** 1, 2 and 4 **B** 1 and 3 **C** 2, 3 and 4 **D** 2 and 4 only
- 2 What increases owner's capital?
- A** bank loan extended from five to ten years
B purchase of inventory on credit
C purchase of machinery by cheque
D transfer of vehicle to business from private use
- 3 Carl, a trader, took goods from the business for his own use. These goods had cost \$100, and \$8 carriage had been paid for them to be delivered to the business.
- How would this be recorded in Carl's accounts in the books of the business?
- A** debit Carl's capital account \$100 **C** debit Carl's drawings account \$100
B debit Carl's capital account \$108 **D** debit Carl's drawings account \$108
- 4 Shula's financial year ends on 31 March. On 1 April 2021 there was a credit balance of \$100 on Yasmin's account in Shula's purchases ledger.
- What does this mean?
- A** Shula had paid \$100 to Yasmin. **C** Yasmin had paid \$100 to Shula.
B Shula owed \$100 to Yasmin. **D** Yasmin owed \$100 to Shula.
- 5 Hasina buys radios from Nazneen at a list price of \$10 each. Hasina bought 12 radios and was offered 20% trade discount and 4% cash discount. Two radios were faulty and were returned to Nazneen.
- What was the total of the credit note issued by Nazneen?
- A** \$15.36 **B** \$16.00 **C** \$19.20 **D** \$20.00

- 6 Which items would be recorded in the general journal of a bakery?
- 1 correction of an error of principle relating to an oven repair
 - 2 purchase of a delivery vehicle on credit
 - 3 purchase of flour on credit
 - 4 return by a customer of a faulty batch of bread
- A** 1 and 2 **B** 1 and 3 **C** 2 and 4 **D** 3 and 4
- 7 Alisha entered the credit notes she received in March in the correct returns journal. How was the total of this journal recorded in the ledger at the end of the month?
- A** credit purchases returns account **C** debit purchases returns account
B credit sales returns account **D** debit sales returns account
- 8 Which item would **not** be shown on a bank statement?
- A** a cheque returned by the bank marked as 'refer to drawer' **C** bank charges
B a monthly payment made for electricity by direct debit **D** unrepresented cheques
- 9 Which statement about a purchases ledger control account is **not** correct?
- A** It acts as a check on the balance of the purchases account.
B It includes transactions relating to all the credit suppliers.
C It is prepared using information from the books of prime entry.
D It provides proof of the arithmetical accuracy of the purchases ledger.
- 10 Javid's sales ledger control account had a debit balance of \$12000. Interest on an overdue account, \$40, and discount allowed, \$150, had been omitted. What was the correct balance on the sales ledger control account?
- A** \$11810 **B** \$11890 **C** \$12110 **D** \$12190
- 11 What is the effect of treating an item of capital expenditure as revenue expenditure?
- 1 Cost of non-current assets is overstated.
 - 2 Cost of non-current assets is understated.
 - 3 Depreciation for the year is overstated.
 - 4 Depreciation for the year is understated.
- A** 1 and 3 **B** 1 and 4 **C** 2 and 3 **D** 2 and 4

12 Why does a business provide for depreciation on non-current assets?

- A to charge the cost of non-current assets against profit in the year of purchase
- B to ensure that non-current assets appear at book value in the statement of financial position
- C to ensure that the matching principle is applied when preparing financial statements
- D to retain cash in the business for replacement of non-current assets

13 Machinery which had cost \$6290 was sold for \$3100. The disposal account showed a profit on disposal of \$584.

How much was the depreciation up to the date of disposal and on which side of the disposal account was it recorded?

- A \$2606 on the credit side
- B \$2606 on the debit side
- C \$3774 on the credit side
- D \$3774 on the debit side

14 The following ledger account appeared in the books of a trader.

Rent receivable account					
		\$			\$
2020			2020		
Dec 31	balance c/d	600	Jan 1	balance b/d	400
			Dec 31	bank	3600

Which entry was made in the income statement for the year ended 31 December 2020 for rent receivable?

- A \$3400 credit
- B \$3400 debit
- C \$3800 credit
- D \$3800 debit

15 Why does a business maintain a provision for doubtful debts account?

- A to apply the accounting principle of prudence
- B to avoid profit for the year being understated
- C to have an accurate forecast of debts which will be uncollectible
- D to reduce the expense of irrecoverable debts in the future

16 How should inventory be valued?

- A cost
- B higher of cost and net realisable value
- C lower of cost and net realisable value
- D net realisable value