Cambridge International Education

Cambridge IGCSE™

ACCOUNTING **0452/12**

Paper 1 Multiple Choice **February/March 2026**

1 hour 15 minutes

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You must answer on the multiple choice answer sheet.

You will need: Multiple choice answer sheet
Soft clean eraser
Soft pencil (type B or HB is recommended)

INSTRUCTIONS

- There are **thirty-five** 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 multiple choice answer sheet.
- Follow the instructions on the multiple choice answer sheet.
- Write in soft pencil.
- Write your name, centre number and candidate number on the multiple choice answer sheet in the spaces provided unless this has been done for you.
- Do **not** use correction fluid or tape.
- Do **not** write on any bar codes.
- You may use a calculator.

INFORMATION

- The total mark for this paper is 35.
- Each correct answer will score one mark.
- Any rough working should be done on this question paper.

This document has **16** pages. Any blank pages are indicated.

1 What is the role of a book-keeper in providing information for monitoring progress and decision-making?

A calculating accounting ratios

B preparing books of account

C preparing a statement of financial position

D preparing an income statement

2 What is the amount owed by a business to its owner called?

A asset

B drawings

C overdraft

D capital

3 Where is the discount total from the payment side of a cash book posted?

A the discount received account in the general ledger

B the discount received account in the purchases ledger

C the discount allowed account in the general ledger

D the discount allowed account in the sales ledger

4 A cheque received by Tiberi from Martinez was subsequently dishonoured.

How would the dishonoured cheque be recorded in the books of account of Tiberi?

	account to be debited	**account to be credited**
A	bank	Martinez
B	bank	irrecoverable debts
C	Martinez	bank
D	irrecoverable debts	bank

5 Sara purchases goods on credit from Zola.

Sara owed Zola $400 on 1 May. She paid this on 1 May, after deducting a 5% cash discount.
Sara made further purchases, costing $280, during May.

What were the opening and closing balances on Sara's statement of account for May?

	opening balance $	**closing balance $**
A	380	266
B	380	280
C	400	280
D	400	300

6 Which business documents are used to write up the sales journal and sales returns journal?

	sales journal	**sales returns journal**
A	invoice issued	debit note issued
B	invoice issued	credit note issued
C	invoice received	debit note received
D	invoice received	credit note received

7 Jasvinder maintains a petty cash book using the imprest system. The monthly imprest of $100 is restored on the first day of each month.

In September, the petty cash book showed the following:

	$
total expenses	83
total receipts	7

How much cash did Jasvinder need to restore the imprest on 1 October?

A $24 **B** $76 **C** $83 **D** $100

8 Which statement about a trial balance is **not** correct?

A It can help in locating arithmetical errors.

B It excludes closing inventory.

C It is part of the double-entry system.

D It is often used to prepare financial statements.

9 Purchase of stationery for office use for $50 was correctly entered in the petty cash book, but posted to the credit side of the purchases account in error.

Which journal entry corrects the error?

	accounts debited	**accounts credited**
A	stationery $50 purchases $50	suspense $100
B	suspense $100	stationery $50 purchases $50
C	stationery $100	purchases $100
D	purchases $100	stationery $100

10 Karina's income statement showed a gross profit of $24 000 and profit for the year of $7400.

She later discovered the following errors.

1 Carriage inwards for $200 had been omitted.

2 Drawings for $2400 had been recorded as wages.

What was Karina's correct gross profit and profit for the year?

	gross profit **$**	**profit for year** **$**
A	23 800	9 600
B	23 800	9 800
C	24 200	9 800
D	24 200	10 000

11 Which statements are correct?

1 A bank reconciliation statement is part of double-entry book-keeping.

2 A bank reconciliation statement is prepared by the bank.

3 A bank reconciliation statement is prepared by the trader.

A 1 and 2 **B** 1 and 3 **C** 2 only **D** 3 only

12 On 31 January, Somraj's bank statement showed a credit balance of $740. Comparing the bank statement with the cash book, he found the following:

	$
bank charges **not** recorded in the cash book	30
cheque paid but **not** presented to the bank	150

Somraj updated his cash book as required.

What was the updated cash book balance on 31 January?

A $590 debit

B $620 debit

C $860 debit

D $890 debit

13 What is a purpose of preparing a sales ledger control account?

A to identify irrecoverable debts

B to make fraud more difficult

C to provide the total owed to trade payables

D to show the total of cash and credit sales

14 A trader entered the following items in the purchases ledger control account.

	$
total discount received	12 900
total interest charged by suppliers	15 000
total of the purchases returns journal	19 200
total payments made to suppliers	218 200

Which entry in the purchases ledger control account is correct?

A credit of $19 200

B credit of $218 200

C debit of $12 900

D debit of $15 000

15 A capital expenditure transaction was **incorrectly** treated as revenue expenditure.

What would be the impact of this error on the financial statements?

	profit for the year	**non-current assets**
A	overstated	overstated
B	overstated	understated
C	understated	overstated
D	understated	understated

16 A trader bought equipment, costing \$2000, on 1 January in year 1. It is depreciated at a rate of 45%, using the reducing balance method.

Which journal entry would record the depreciation for the year ended 31 December in year 2?

		debit \$	credit \$
A	income statement provision for depreciation of equipment	495	 495
B	income statement provision for depreciation of equipment	900	 900
C	provision for depreciation of equipment income statement	495	 495
D	provision for depreciation of equipment income statement	900	 900

17 A trader was owed rent at the end of his financial year.

How should the trader enter this in his ledger?

A Credit the rent payable account with the amount owed and bring down as a debit balance.

B Credit the rent receivable account with the amount owed and bring down as a debit balance.

C Debit the rent payable account with the amount owed and bring down as a credit balance.

D Debit the rent receivable account with the amount owed and bring down as a credit balance.

18 At 1 January 2025, Domenico has a provision for doubtful debts of \$760.

At 31 December 2025, trade receivables are \$22 500.

Provision for doubtful debts is to be maintained at 5%.

What are the entries in the provision for doubtful debts account at 31 December 2025?

	balance c/d	income statement
A	\$1125 credit	\$365 credit
B	\$1125 credit	\$365 debit
C	\$1125 debit	\$365 credit
D	\$1125 debit	\$365 debit

19 What is the correct basis of inventory valuation?

A at cost

B at net realisable value

C at the lower of cost or selling price

D at the lower of cost or net realisable value

20 Gideon is a manufacturer. He made errors in valuing his inventory at the year end. His work in progress was understated by $2000, and his inventory of finished goods was overstated by $3500.

What was the effect of these errors?

	cost of production	cost of sales
A	$2000 overstated	$1500 understated
B	$2000 overstated	$3500 understated
C	$2000 understated	$1500 overstated
D	$2000 understated	$5500 overstated

21 A sole trader paid off the business's overdraft using his own personal funds.

How did this affect the statement of financial position?

	liabilities	capital	assets
A	no effect	increase	increase
B	decrease	increase	increase
C	decrease	increase	no effect
D	decrease	no effect	increase

22 Zaha is a consultant who receives fees from clients.

How would Zaha calculate his profit for the year?

A fee income – cost of sales

B fee income – cost of sales + expenses

C fee income + expenses

D fee income – expenses

23 A partnership agreement contains rules as decided among the partners.

What is **not** contained in a typical partnership agreement?

A interest on partners' capitals

B interest on partners' drawings

C partners' salaries

D partners' current account balances

24 Which items are included in the appropriation account of a partnership?

1 interest on partners' drawings

2 partners' salaries

3 interest on partners' capital

4 partners' drawings

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

25 Which statement describes the benefit of limited liability?

A A shareholder in a company risks losing only their personal possessions.

B A shareholder in a company risks losing only the amount they agreed to pay for their shares.

C A sole trader risks losing only the capital they put into the business.

D A sole trader risks losing only their personal possessions.

26 At the start of its financial year, a limited liability company had these balances.

	$
ordinary share capital	250 000
retained earnings	75 000
general reserve	18 000

Profit for the year was $38 000. During the year, a dividend of 4% was paid and $8000 was transferred to general reserve.

What was the total equity of the company at the end of the year?

A $343 000 **B** $371 000 **C** $373 000 **D** $381 000

27 Which item would reduce the balance on a sports club's receipts and payments account?

A depreciation of sports equipment

B overdue subscription paid by a member

C payment for new sports equipment

D profit made by the club's shop

28 An amateur dramatics club was formed to provide occasional performances for the paying public. On performance days, the club sells refreshments to the public. The profits from these sales help towards the running costs of the club.

The following information has been provided at the end of the year.

	$
receipts from sale of refreshments	980
purchase of refreshments for resale	490
opening inventory of refreshments	50
closing inventory of refreshments	75
printing costs of tickets for performances	35

What is the profit on sale of refreshments to be transferred to the income and expenditure account for the current year?

A $455 **B** $465 **C** $480 **D** $515

29 Which cost is a direct cost for a manufacturer?

A carriage outwards

B delivery vehicle depreciation

C factory royalties

D factory supervisor's salary

30 Sandy owns a manufacturing business. She has provided the following figures.

	$
interest on loan	3 500
factory rent	10 000
office rent	8 000
opening inventory of raw materials	90 000
closing inventory of raw materials	74 000
office staff salaries	20 000
factory workers' salaries	15 000
raw material purchases	20 000

What is the factory cost of production?

A $45 000 **B** $61 000 **C** $89 000 **D** $92 500

31 A trader provided the following information.

	$
trade receivables at start of year	5 000
trade receivables at end of year	8 500
cash received from trade receivables	34 700
irrecoverable debts written off	200
discount allowed	185

What was the amount of the credit sales?

A $38 200 **B** $38 385 **C** $38 400 **D** $38 585

32 Diane provided the following information about her assets and liabilities.

	$
bank overdraft	1 300
cash	250
inventory	2 350
long-term loan	2 100
trade payables	1 000
trade receivables	1 350

What was Diane's current ratio?

A 0.70 : 1 **B** 0.90 : 1 **C** 1.72 : 1 **D** 5.25 : 1

33 A company provided the following information about its rate of inventory turnover.

year 1	24 times
year 2	25 times
year 3	27 times

What would explain the changes in the ratio?

A Fewer sales were on credit.

B Inventory quantity was decreasing.

C Sales activity slowed.

D Selling price increased.

34 Maria used the straight-line method in year 1 and reducing balance method in year 2 to depreciate her non-current assets.

Which accounting principle has Maria failed to apply?

A consistency

B duality

C matching

D prudence

35 ‘Revenue should only be regarded as earned when the legal title of goods and services passes from the seller to the buyer.’

Which accounting principle does this statement refer to?

A going concern

B matching

C money measurement

D realisation

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