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Cambridge Assessment International Education

Cambridge IGCSE™

CANDIDATE NAME									
CENTRE NUMBER						CANDIDATE NUMBER			

8264817587

ACCOUNTING **0452/22**

Paper 2 Structured Written Paper **February/March 2025**

1 hour 45 minutes

You must answer on the question paper.

No additional materials are needed.

INSTRUCTIONS

- Answer **all** questions.
- Use a black or dark blue pen. You may use an HB pencil for any diagrams or graphs.
- Write your name, centre number and candidate number in the boxes at the top of the page.
- Write your answer to each question in the space provided.
- Do **not** use an erasable pen or correction fluid.
- Do **not** write on any bar codes.
- You may use a calculator.
- International accounting terms and formats should be used as appropriate.
- You should show your workings.

INFORMATION

- The total mark for this paper is 100.
- The number of marks for each question or part question is shown in brackets [ ].
- Where you are asked to complete a layout, you may not need all the lines for your answer.

This document has **24** pages. Any blank pages are indicated.

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1 Ria started trading on 1 August 2024.

The balances in Ria's purchases ledger at 1 January 2025 were as follows:

	$
Darena	465
Jadu	170
Ottie	275
Nakir	600
	1510

Ottie allows Ria trade discount of 5%.

The following transactions took place in January 2025.

Jan 2 Paid Darena $300 by bank transfer

8 Sold goods for $520 cash

13 Purchased goods, list price $180, on credit from Ottie

17 Paid Nakir the amount due on 1 January 2025, after deducting 3% cash discount

18 Purchased goods, $528, on credit from Nakir

20 Purchased goods, $73, paying immediately by bank transfer

23 Purchased goods, $310, on credit from Darena

29 Sold goods for cash, $640

30 Returned goods, $24, to Darena

REQUIRED

(a) Prepare the purchases journal for January 2025.

Total the journal and indicate the ledger account where the total would be posted.

Ria
Purchases journal

Date	Details	$
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(b) Prepare the purchases returns journal for January 2025.

Total the journal and indicate the ledger account where the total would be posted.

Ria
Purchases returns journal

Date	Details	$
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[2]

Ria's total purchases from 1 August 2024 to 31 December 2024 were $6327.

REQUIRED

(c) Prepare Ria's purchases account for January 2025. Balance the account and bring down the balance on 1 February 2025.

Ria
Purchases account

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(d) Prepare Ria's purchases ledger control account for January 2025. Balance the account and bring down the balance on 1 February 2025.

Ria
Purchases ledger control account

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Ria is considering increasing her trade payables payment period to provide her with sufficient cash for an advertising campaign.

REQUIRED

(e) Advise Ria whether or not she should increase her trade payables payment period to provide her with sufficient cash for an advertising campaign. Justify your answer by providing **two** advantages and **two** disadvantages of your advice.

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2 Viraj is a retailer. He buys on credit and sells for cash. He rents out an area of the shop to another business for $172 per month.

Viraj's trial balance at 31 January 2025 was as follows:

Viraj
Trial Balance at 31 January 2025

	Debit $	Credit $
Revenue		89 600
Rental income		2 580
Sales returns	2 195	
Inventory at 1 February 2024	4 500	
Purchases	53 700	
Rent and insurance	8 760	
General expenses	2 945	
Wages	7 350	
Stationery and advertising	710	
Bank charges	143	
Fixtures and fittings at cost	12 500	
Provision for depreciation of fixtures and fittings		3 750
Trade payables		3 125
Bank overdraft		1 260
Capital		7 793
Drawings	15 305	
	108 108	108 108

Additional information

1 Inventory at 31 January 2025 was valued at $5900.

2 Depreciation on fixtures and fittings is to be charged at 15% per annum using the straight-line method.

3 Rental income included the amount due for the period from 1 February 2025 to 30 April 2025.

4 At 31 January 2025, Viraj owed $282 for wages and $55 for advertising.

5 After the trial balance was prepared, Viraj received a bank statement which showed that bank charges of $13 had been paid in January 2025.

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REQUIRED

(a) Prepare the income statement for Viraj for the year ended 31 January 2025.

Viraj
Income Statement for the year ended 31 January 2025

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(b) Prepare the current liabilities section of Viraj's statement of financial position at 31 January 2025.

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(c) State the accounting principle which Viraj has followed when he did **not** include a figure in his statement of financial position for:

(i) his inventory of price labels

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(ii) his skills as a salesman.

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Viraj wants to refurbish the shop. He thinks that the new fixtures and fittings would cost between $10 000 and $15 000. There are several local shops selling the same type of goods that Viraj sells.

REQUIRED

(d) Advise Viraj whether or not he should refurbish the shop. Justify your answer by providing **two** advantages and **two** disadvantages of Viraj refurbishing the shop.

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3 Samira has been trading for many years and has a debit bank balance. She prepared her trial balance at 31 January 2025. The total of the credit side was more than the total of the debit side. Samira entered the difference in a suspense account.

Samira later discovered the following errors.

1 A repair to equipment, $175, had been debited to the equipment account.

2 A credit transfer, $132, from David, a trade receivable, had been debited to David's account and credited to the bank account.

3 A repayment of a bank loan, $2500, had been debited to bank charges.

4 A bank payment for stationery, $21, had been recorded as $12.

5 Sales returns, $40, had been recorded as purchases returns.

REQUIRED

(a) Prepare the journal entries to correct errors 1–5. Narratives are **not** required.

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Samira
Journal

Error number	Details	Debit $	Credit $
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(b) Complete the table to indicate the effect of **each** error on profit for the year and on the bank balance. Indicate whether the effect is overstated or understated and by how much. If there is no effect, write 'no effect' in the box.

The first one has been completed as an example.

Error number	Effect on profit for the year	Effect on bank balance
1	*Overstated by $175*	*No effect*
2		
3		
4		
5		

[4]

Before the errors were corrected, the **debit** side of Samira's trial balance totalled $97 400.

REQUIRED

(c) Calculate the trial balance total **after** the errors have been corrected.

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(d) State the number of **one** error from 1–5 which is:

(i) an error of principle

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(ii) an error of original entry.

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4 Raj is a trader who buys and sells on credit.

He has provided the following information.

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Inventory at 1 January 2024	5 500
For the year to 31 December 2024:	
Revenue	112 000
Purchases	68 200
Expenses	21 500
At 31 December 2024:	
Inventory	5 700
Trade receivables	16 000
Trade payables	5 100
Bank overdraft	6 890
Capital	285 000

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REQUIRED

(a) Complete the following table.

Ratio	Workings	Answer (to **two** decimal places)
Gross margin		
Profit margin		
Return on capital employed (ROCE)		
Rate of inventory turnover (times)		
Trade receivables turnover (days)		
Liquid (acid test) ratio		

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Raj's profit margin has decreased over the past few years. It has taken Raj longer to collect money from trade receivables in 2024 than in the previous years.

REQUIRED

(b) Explain how Raj's lower profit margin may be linked to his trade receivables taking longer to pay.

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Raj is considering paying more capital into the business to reduce the bank overdraft.

REQUIRED

(c) Advise Raj whether or not he should pay more capital into the business. Justify your answer by providing points for and against.

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5 The ABC Piano Club provides facilities for its members. It also runs a coffee shop where members can buy hot drinks and snacks.

The club's assets and liabilities were as follows:

	31 December 2023	31 December 2024
	$	$
Pianos at cost	12 000	12 000
Pianos – Provision for depreciation	4 800	6 000
Subscriptions received in advance	650	715
Subscriptions received in arrears	390	325
Club insurance paid in advance	140	155
Club rent paid in arrears	435	–
Coffee shop inventory	320	382
Trade payables for coffee shop supplies	200	186
Cash at bank (debit balances)	2 045	4 675

REQUIRED

(a) Calculate the accumulated fund at 31 December 2023.

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The following totals have been taken from the club's receipts and payments account for the year ended 31 December 2024.

Receipts	$
Subscriptions received	7 800
Coffee shop sales	8 320
Payments	
Club rent and insurance	6 700
Other club expenses	375
Trade payables	3 815
Coffee shop wages	2 600

REQUIRED

(b) Prepare the subscriptions account for the year ended 31 December 2024. Balance the account and bring down the balances on 1 January 2025.

ABC Piano Club
Subscriptions account

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(c) Prepare the Club's rent and insurance account for the year ended 31 December 2024. Balance the account and bring down the balance on 1 January 2025.

ABC Piano Club
Club's rent and insurance account

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(d) Prepare the income statement for the coffee shop for the year ended 31 December 2024.

ABC Piano Club
Coffee shop income statement for the year ended 31 December 2024

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