GradeMax

* 0000800000001 * DFD

Cambridge Assessment International Education

Cambridge IGCSE™

CANDIDATE NAME

CENTRE NUMBER | | | | | |

CANDIDATE NUMBER | | | | |

2946649312

ACCOUNTING **0452/23**

Paper 2 Structured Written Paper **October/November 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 **20** pages. Any blank pages are indicated.

DC (PQ) 340342/5
© UCLES 2025

[Turn over

GradeMax

1 Sid owns a business selling cars. He operates a petty cash system and maintains the float at $350. The float is restored on the first day of each month from the business bank account.

Sid has provided the following information:

2025		$
April 1	Balance b/d	350
3	Bought petrol	36
4	Bought tea, coffee and juice – for staff	34
9	Paid taxi fare for customer	24
11	Paid AB Autoparts, a credit supplier	78
12	Paid for printer paper	8
14	Paid window cleaner	30
27	Bought train ticket for member of staff	8.50
30	Paid office cleaner	45

REQUIRED

(a) Prepare Sid's petty cash book for the month of April on **page 3**. Balance the petty cash book at 30 April 2025 and bring down the balance at 1 May 2025. Restore the float to the agreed level.

DO NOT WRITE IN THIS MARGIN
DO NOT WRITE IN THIS MARGIN
DO NOT WRITE IN THIS MARGIN
DO NOT WRITE IN THIS MARGIN
DO NOT WRITE IN THIS MARGIN

GradeMax

Date	Details	Total received $	Date	Details	Total paid $	Cleaning $	Fuel $	Office expenses $	Travel expenses $	Ledger accounts $
April 1	*Balance*	*350*	.....	.....	.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....

[12]

DO NOT WRITE IN THIS MARGIN DO NOT WRITE IN THIS MARGIN DO NOT WRITE IN THIS MARGIN DO NOT WRITE IN THIS MARGIN DO NOT WRITE IN THIS MARGIN

GradeMax

(b) State the name of the system used to maintain petty cash books.

..... [1]

(c) State **one** advantage of operating a petty cash account.

.....

..... [1]

(d) State **two** reasons why there might be a difference between the balance on the petty cash account and the money in the petty cash box.

1 .....

.....

2 .....

.....

[2]

Sid made the following transactions during the month of May 2025:

- withdrew $1500 cash from the business bank account for his own personal use
- bought car parts on credit from AB Autoparts. The list price of the parts was $830 but was subject to 20% trade discount.

REQUIRED

(e) Show the journal entries to record these transactions. Narratives are **not** required.

Sid
Journal

Details	Debit $	Credit $
.....	.....	.....
.....	.....	.....
.....	.....	.....
.....	.....	.....

[4]

[Total: 20]

DO NOT WRITE IN THIS MARGIN
DO NOT WRITE IN THIS MARGIN
DO NOT WRITE IN THIS MARGIN
DO NOT WRITE IN THIS MARGIN
DO NOT WRITE IN THIS MARGIN

DO NOT WRITE IN THIS MARGIN
DO NOT WRITE IN THIS MARGIN
DO NOT WRITE IN THIS MARGIN
DO NOT WRITE IN THIS MARGIN
DO NOT WRITE IN THIS MARGIN

2 Jenny maintains a full set of accounting records and prepares control accounts at the end of each month. She has provided the following information:

2025			$	
January	31	Sales ledger control account balance	1 895	debit
February	28	Totals for the month		
		Sales journal	42 600	
		Cash sales	2 300	
		Sales returns journal	7 300	
		Bank transfers received from credit customers	?	
		Discount allowed	1 265	
		Irrecoverable debts	1 040	
		Contra entries	2 850	
		Interest charged on overdue accounts	510	
March	1	Sales ledger control account balance	750	credit

REQUIRED:

(a) Prepare Jenny's sales ledger control account for the month ended 28 February 2025. Balance the account and bring down the balance at 1 March 2025.

Jenny
Sales ledger control account

Date	Details	$	Date	Details	$
2025			*2025*		
.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....

[9]

GradeMax

(b) State **one** advantage of maintaining a sales journal.

.....

..... [1]

(c) Complete the following table by indicating the name of the source document that Jenny would use to make entries in her books of prime entry.

State whether the source document is **issued** or **received** by Jenny.

Book of prime entry	Source document	Issued or Received
Sales journal		
Purchases returns journal		

[2]

(d) State what is meant by the following terms:

(i) cash discount

.....

..... [1]

(ii) trade discount.

.....

..... [1]

Jenny has received goods from one of her credit suppliers. When she inspected the goods, she found they were faulty.

REQUIRED

(e) Name the document Jenny would issue to her supplier to record the receipt of these faulty goods.

..... [1]

DO NOT WRITE IN THIS MARGIN
DO NOT WRITE IN THIS MARGIN
DO NOT WRITE IN THIS MARGIN
DO NOT WRITE IN THIS MARGIN
DO NOT WRITE IN THIS MARGIN

GradeMax

DO NOT WRITE IN THIS MARGIN
DO NOT WRITE IN THIS MARGIN
DO NOT WRITE IN THIS MARGIN
DO NOT WRITE IN THIS MARGIN
DO NOT WRITE IN THIS MARGIN

Jenny currently does **not** maintain a provision for doubtful debts. When all reasonable steps to obtain payment from credit customers have failed, she writes off the debt. Her colleague has advised her that she should create a provision for doubtful debts when she prepares her next set of financial statements.

REQUIRED

(f) Advise Jenny whether or not she should create and maintain a provision for doubtful debts. Justify your answer by providing **two** arguments for and **two** arguments against maintaining a provision for doubtful debts.

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

..... [5]

[Total: 20]

GradeMax

3 Rushil is a trader and has provided his statement of financial position at 30 September 2025.

	$	$
Non-current assets		220 000
Current assets		
Inventory	34 000	
Trade receivables	44 000	
Other receivables	6 500	
Cash	8 400	92 900
		312 900
Capital and liabilities		
Capital – opening balance	199 100	
Profit for the year	36 000	
	235 100	
Less: Drawings	12 000	223 100
Non-current liabilities		
Long-term bank loan	49 000	49 000
Current liabilities		
Trade payables	31 000	
Bank	9 800	40 800
		312 900

Rushil has provided the following additional information:

1 Inventory at 1 October 2024 was $30 000.

2 The profit for the year in his statement of financial position was after having deducted loan interest charges of $2450.

3 For the year ended 30 September 2025:

- sales totalled $482 000 ($387 000 were on credit; the remainder were cash sales)
- purchases totalled $310 000 (all on credit).

DO NOT WRITE IN THIS MARGIN
DO NOT WRITE IN THIS MARGIN
DO NOT WRITE IN THIS MARGIN
DO NOT WRITE IN THIS MARGIN
DO NOT WRITE IN THIS MARGIN

REQUIRED

(a) Complete the following table.

Return on capital employed (ROCE)	Answer (correct to **two** decimal places)
Workings	
Rate of inventory turnover	Answer (correct to **two** decimal places)
Workings	
Trade receivables turnover (days)	Answer (round up to the next **whole** day)
Workings	
Trade payables turnover (days)	Answer (round up to the next **whole** day)
Workings	
Current ratio	Answer (correct to **two** decimal places)
Workings	

[8]

DO NOT WRITE IN THIS MARGIN
DO NOT WRITE IN THIS MARGIN
DO NOT WRITE IN THIS MARGIN
DO NOT WRITE IN THIS MARGIN
DO NOT WRITE IN THIS MARGIN

GradeMax

(b) (i) Suggest **two** ways that Rushil might improve his return on capital employed (ROCE).

1 .....

.....

2 .....

.....

[2]

(ii) Suggest **two** ways that Rushil might improve his inventory turnover rate.

1 .....

.....

2 .....

.....

[2]

Included in Rushil's closing inventory valuation were some items that had been damaged. These were included at a reduced value.

REQUIRED

(c) (i) State why the inventory was included at a reduced value.

.....

..... [1]

(ii) Name the accounting principle that is being applied.

.....

..... [1]

(iii) Complete the table by indicating with a tick (✓) the effect on Rushil's gross profit of including his damaged inventory at a reduced value.

effect on Rushil's gross profit	
increase	decrease

[1]

DO NOT WRITE IN THIS MARGIN
DO NOT WRITE IN THIS MARGIN
DO NOT WRITE IN THIS MARGIN
DO NOT WRITE IN THIS MARGIN
DO NOT WRITE IN THIS MARGIN

GradeMax

Rushil is concerned that his credit customers are taking too long to pay him. He is considering allowing a 2.5% cash discount on all credit sales if paid within 21 days.

REQUIRED

(d) Advise Rushil whether or not he should allow his credit customers a cash discount if they make payment to him within 21 days. Justify your answer with arguments for and against Rushil allowing his credit customers a cash discount if they make payment to him within 21 days.

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

..... [5]

[Total: 20]

DO NOT WRITE IN THIS MARGIN
DO NOT WRITE IN THIS MARGIN
DO NOT WRITE IN THIS MARGIN
DO NOT WRITE IN THIS MARGIN
DO NOT WRITE IN THIS MARGIN

GradeMax

4 Talula owns a hairdressing salon. She also rents out part of her property to Sheila, who offers a range of beauty treatments. Talula provided the following information for the year ended 30 September 2025.

	$
Salaries	81 500
Electricity charges	23 500
Water charges	4 150
Income from hairdressing	124 700
Insurance	2 067
General expenses	952
Property tax	3 045
Rent received from Sheila	6 400

Additional information:

1 Insurance of $2067 is for the period from 1 October 2024 to 31 October 2025.

2 Sheila commenced renting property from Talula on 1 October 2024. There remains two months of rental payments in arrears.

3 Property tax of $3045 is for the period 1 October 2024 to 31 December 2025.

REQUIRED

(a) Prepare Talula's income statement for the year ended 30 September 2025.

Talula
Income Statement for the year ended 30 September 2025

	$	$
.....	.....	.....
.....	.....	.....
.....	.....	.....
.....	.....	.....
.....	.....	.....
.....	.....	.....
.....	.....	.....
.....	.....	.....
.....	.....	.....
.....	.....	.....

[5]

DO NOT WRITE IN THIS MARGIN DO NOT WRITE IN THIS MARGIN DO NOT WRITE IN THIS MARGIN DO NOT WRITE IN THIS MARGIN DO NOT WRITE IN THIS MARGIN

GradeMax

Talula has been notified by her electricity supplier that costs of electricity will increase by 15% with effect from January 2026.

REQUIRED

(b) Suggest **two** courses of action that Talula might take to ensure that her profit for the year is **not** affected. For **each** course of action, state what impact the course of action might have on Talula's business. An example has been provided in the table.

Suggested course of action	Impact on the business
Increase service prices	*Reduced number of customers*

[4]

DO NOT WRITE IN THIS MARGIN
DO NOT WRITE IN THIS MARGIN
DO NOT WRITE IN THIS MARGIN
DO NOT WRITE IN THIS MARGIN
DO NOT WRITE IN THIS MARGIN

GradeMax

Talula currently operates on a cash only basis. The hairdressers are required to calculate a customer's bill and to take payment. Talula banks the cash taken twice a week. Over the last year, Talula has received many requests from customers who would prefer to pay using a debit or credit card.

To allow debit and credit card payments, Talula would need to incur the following costs:

Digital cash register	$550
Card payment machine (hired)	$20 per month
Transaction charge	1.5% of the value of each transaction

REQUIRED

(c) Advise Talula whether or not she should accept card payments. Justify your answer by providing **two** arguments for and **two** arguments against Talula accepting debit and credit card payments.

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

..... [5]

DO NOT WRITE IN THIS MARGIN
DO NOT WRITE IN THIS MARGIN
DO NOT WRITE IN THIS MARGIN
DO NOT WRITE IN THIS MARGIN
DO NOT WRITE IN THIS MARGIN

GradeMax

Sheila, who rents part of Talula's premises, has asked Talula if she would be interested in forming a partnership.

REQUIRED

(d) State **three** advantages for Talula of forming a partnership with Sheila.

1 .....

.....

2 .....

.....

3 .....

.....

[3]

(e) Identify **three** clauses (other than how profit or loss will be shared) that the partnership agreement should cover if Talula agrees to the partnership with Sheila.

1 .....

.....

2 .....

.....

3 .....

.....

[3]

[Total: 20]

DO NOT WRITE IN THIS MARGIN
DO NOT WRITE IN THIS MARGIN
DO NOT WRITE IN THIS MARGIN
DO NOT WRITE IN THIS MARGIN
DO NOT WRITE IN THIS MARGIN

GradeMax

5 P Limited is a retail company with a financial year end of 30 June. The accounts department of the company is looking into some recent capital and revenue expenditure and receipts.

REQUIRED

(a) State what is meant by the following terms:

(i) capital expenditure

.....

.....

..... [1]

(ii) revenue expenditure

.....

.....

..... [1]

(iii) capital receipts

.....

.....

..... [1]

(iv) revenue receipts.

.....

.....

..... [1]

(b) Complete the table by indicating with a tick (✓) how the following items of income and expenditure will be classified.

item	capital expenditure	revenue expenditure	capital receipt	revenue receipt
delivery charges for new office equipment				
repairs to the roof of an existing building				
painting of a new extension to the factory				
proceeds from the sale of a motor vehicle				

[4]

DO NOT WRITE IN THIS MARGIN DO NOT WRITE IN THIS MARGIN DO NOT WRITE IN THIS MARGIN DO NOT WRITE IN THIS MARGIN DO NOT WRITE IN THIS MARGIN

P Limited has provided an extract from their statement of changes in equity for the year ended 30 June 2024.

P Limited Statement of Changes in Equity (extract) for the year ended 30 June 2024				
	Ordinary share capital $	General reserve $	Retained earnings $	Total $
Balance at 30 June 2024	230 000	16 300	46 220	292 520

P Limited's profit after interest for the year ended 30 June 2025 was $37 350.

After preparing the trial balance at 30 June 2025, P Limited's directors decided to transfer $8000 to the general reserve and to pay an interim dividend to their ordinary shareholders of $36 400.

REQUIRED

(c) Prepare the retained earnings column **only** of the statement of changes in equity of P Limited for the year ended 30 June 2025.

P Limited
Statement of Changes in Equity (retained earnings)
for the year ended 30 June 2025

	Retained earnings $
.....	.....
.....	.....
.....	.....
.....	.....
.....	.....
.....	.....
.....	.....
.....	.....
.....	.....

[3]

DO NOT WRITE IN THIS MARGIN

GradeMax

Additional information at 30 June 2025:

	$
Land and buildings	205 000
Equipment	59 600
Vehicles	83 000
Provision for depreciation – equipment	11 324
Provision for depreciation – vehicles	23 030
Trade payables	44 890
Trade receivables	57 040
Other payables	5 700
Provision for doubtful debts	2 282
Cash	2 100
Bank overdrawn	5 044
6% Debentures	32 000
Bank loan (5 years)	22 000
Inventory	33 000

REQUIRED

(d) Prepare the statement of financial position for P Limited at 30 June 2025.

P Limited
Statement of Financial Position at 30 June 2025

	$	$	$
.....	.....	.....	.....
.....	.....	.....	.....
.....	.....	.....	.....
.....	.....	.....	.....
.....	.....	.....	.....
.....	.....	.....	.....
.....	.....	.....	.....
.....	.....	.....	.....
.....	.....	.....	.....
.....	.....	.....	.....
.....	.....	.....	.....
.....	.....	.....	.....
.....	.....	.....	.....

DO NOT WRITE IN THIS MARGIN

GradeMax

	$	$	$
.....	.....	.....	.....
.....	.....	.....	.....
.....	.....	.....	.....
.....	.....	.....	.....
.....	.....	.....	.....
.....	.....	.....	.....
.....	.....	.....	.....
.....	.....	.....	.....
.....	.....	.....	.....
.....	.....	.....	.....
.....	.....	.....	.....
.....	.....	.....	.....
.....	.....	.....	.....
.....	.....	.....	.....
.....	.....	.....	.....
.....	.....	.....	.....
.....	.....	.....	.....
.....	.....	.....	.....
.....	.....	.....	.....
.....	.....	.....	.....
.....	.....	.....	.....
.....	.....	.....	.....
.....	.....	.....	.....
.....	.....	.....	.....
.....	.....	.....	.....

[9]

[Total: 20]

DO NOT WRITE IN THIS MARGIN
DO NOT WRITE IN THIS MARGIN
DO NOT WRITE IN THIS MARGIN
DO NOT WRITE IN THIS MARGIN
DO NOT WRITE IN THIS MARGIN

GradeMax

BLANK PAGE

DO NOT WRITE IN THIS MARGIN
DO NOT WRITE IN THIS MARGIN
DO NOT WRITE IN THIS MARGIN
DO NOT WRITE IN THIS MARGIN
DO NOT WRITE IN THIS MARGIN

Permission to reproduce items where third-party owned material protected by copyright is included has been sought and cleared where possible. Every reasonable effort has been made by the publisher (UCLES) to trace copyright holders, but if any items requiring clearance have unwittingly been included, the publisher will be pleased to make amends at the earliest possible opportunity.

To avoid the issue of disclosure of answer-related information to candidates, all copyright acknowledgements are reproduced online in the Cambridge Assessment International Education Copyright Acknowledgements Booklet. This is produced for each series of examinations and is freely available to download at www.cambridgeinternational.org after the live examination series.

Cambridge Assessment International Education is part of Cambridge Assessment. Cambridge Assessment is the brand name of the University of Cambridge Local Examinations Syndicate (UCLES), which is a department of the University of Cambridge.

© UCLES 2025