



Cambridge IGCSE™

CANDIDATE
NAME

Adeel Paperwala

25/04/2026

CENTRE
NUMBER

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CANDIDATE
NUMBER

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ACCOUNTING

0452/22

Paper 2 Structured Written Paper

February/March 2026

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. Do **not** use correction fluid or tape.
- 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.





1 Rahul is a trader. He prepares his financial statements to 31 December each year. Rahul made the following transactions in January 2026.

- January 3 Cash received from cash sales, \$621
- 6 Bank payment, \$290, to Anil, a credit supplier, in full settlement of an invoice for \$300 - 290 = 10 D.R
- 7 Cash purchases, \$188
- 11 Purchased goods on credit, \$175, from Daisy
- 14 Sold goods on credit, \$218, to Vihaan
- 17 Deposited cash in hand, \$300, into the bank account
- 24 Electronic transfer, \$108, to Ravi, after deducting cash discount of 10%
 After Discount
- 26 Sold goods on credit, \$186, to Darren
- 29 Vihaan transferred \$240 into the bank account.
- 30 Paid motor expenses, \$183, by cheque

REQUIRED

(a) Prepare Rahul's cash book.

Balance the cash book, and bring down the balances at 1 February 2026.

$100\% - 10\% =$

$90\% =$	$\$108$	Payments
$10\% =$	x	D.R

$$\frac{\$108 \times 10}{90} = \$12$$





Rahul
Cash book

741 890					488 581				
date	details	discount allowed	cash	bank	date	details	discount received	cash	bank
2026		\$	\$	\$	2026		\$	\$	\$
Jan 1	balances b/d		120	350					
Jan 3	Sales	-	621	-	6 Jan	Anil	10	-	290
Jan 17	Cash	-	-	300	7 Jan	Purchases	-	188	-
Jan 29	Vihaan	-	-	240	17 Jan	Bank	-	300	-
					24 Jan	Ravi	12	-	108
					30 Jan	Motor expenses	-	-	183
					31 Jan	Balance c/d	-	253	309
		-	741	890			22	741	890
1 Feb	Balance b/d	-	253	309					





- (b) Prepare Rahul's purchases account for January 2026. Balance the account, and bring down the balance at 1 February 2026.

Rahul
Purchases account

date	details	\$	date	details	\$
2026	.....	.....	2026	.....	.....
7 Jan	Cash	188	.....	.....	.....
11 Jan	Daisy	175	31 Jan	Balance c/d	363
.....	.....	<u>363</u>	.....	.....	<u>363</u>
1 Feb	Balance b/d	363	.....	.....	.....

[3]

- (c) Prepare Rahul's discount received account for January 2026. Balance the account, and bring down the balance at 1 February 2026.

Rahul
Discount received account

date	details	\$	date	details	\$
2026	2026	.....	.....
31 Jan	Balance c/d	22	31 Jan	Total for the month	22
.....	<u>22</u>	.....	.....	<u>22</u>
.....
.....	1 Feb	Balance b/d	22

[2]



Rahul maintains his bookkeeping records himself. He is considering keeping a sales ledger control account.

REQUIRED

(d) State:

(i) **one reason why** Rahul may benefit from keeping a sales ledger control account

It will readily and easily provide total of trade receivables balances

[1]

(ii) **one reason why** Rahul may **not benefit** from keeping a sales ledger control account.

It is time consuming activity

[1]

(e) Explain how the principle of **duality** would apply if Rahul kept a sales ledger control account.

From every transaction involving trade receivables will be recorded in sales ledger control accounts as per double entry system. For every debit effect of transaction there will be a credit effect.

[2]

[Total: 20]



DO NOT WRITE IN THIS MARGIN



- 2 Samir is a retailer who owns his shop premises. He prepares his financial statements to 31 December each year.

His ledger accounts at 1 January 2025 included the following balances. *1 Jan 2025 - 31 Dec 2025*

Balance b/d	\$
motor vehicles (at cost)	28 000
provision for depreciation on motor vehicles	10 080
	<u>NBV 17 920</u>

Depreciation is charged at 20% on the reducing balance basis. No depreciation is charged in the year of disposal.

Samir sold one of his motor vehicles on 1 October 2025 for \$9 500. This amount was paid into Samir's bank account. The motor vehicle had cost \$16 000, and its net book value at 1 October 2025 was \$10 240.

Cost	16 000
Dep	(5 760)
NBV	<u>10 240</u>
Sale	9 500
	Loss 740

REQUIRED

- (a) Prepare the motor vehicles account for the year ended 31 December 2025. Balance the account, and bring down the balance at 1 January 2026.

Samir
Motor vehicles account

date	details	\$	date	details	\$
2025					
1 Jan	Balance b/d	28 000	1 Oct	Disposal - Cost	16 000
			31 Dec	Balance c/d	12 000
		<u>28 000</u>			<u>28 000</u>
2026			2026		
1 Jan	Balance b/d	12 000			

Opening NBV 17 920 OR closing Cost 12 000

Disposal NBV 10 240 ? Remaining NBV 7 680

No Dep NBV 7 680

Dep Exp 1 536 (Provision for Dep NBV)

\$	
12 000	
(4 320)	(10 080 - 5 760)
<u>7 680</u>	
x 20%	
<u>\$1 536</u>	





- (b) Prepare the provision for depreciation on motor vehicles account for the year ended 31 December 2025. Balance the account, and bring down the balance at 1 January 2026.

Samir

Provision for depreciation on motor vehicles account

date	details	\$	date	details	\$
2025			2025		
1 Oct	Disposal	5760	1 Jan	Balance b/d	10080
31 Dec	Balance c/d	<u>5856</u>	31 Dec	Income Statement	<u>1536</u>
		<u>11616</u>			<u>11616</u>
			2026		
			1 Jan	Balance b/d	5856

Dep Exp

[5]

- (c) Prepare the disposal account for the sale of the motor vehicle.

Samir

Disposal of motor vehicles account

date	details	\$	date	details	\$
2025			2025		
1 Oct	Motor Vehicle - cost	16000	1 Oct	Provision for Depreciation	5760
			1 Oct	Bank	9500
				Loss	
			31 Dec	Income Statement	<u>740</u>
		<u>16000</u>			<u>16000</u>

[3]



DO NOT WRITE IN THIS MARGIN



Samir purchased a new motor vehicle on 21 January 2026, paying by bank transfer. The purchase price is made up as follows:

	\$	
cost of vehicle	19000	C·E
fuel (petrol)	85	R·E
insurance for one year	420	R·E
delivery of the vehicle	150	C·E
Total	19655	

REQUIRED

- (d) Complete the table by placing a tick (✓) to show whether **each** item is capital expenditure or revenue expenditure.

cost	\$	capital expenditure	revenue expenditure
cost of vehicle	19000	✓	
fuel (petrol)	85		✓
insurance for one year	420		✓
delivery of the vehicle	150	✓	

[2]

- (e) Complete the table by stating the name of the accounting principle being applied.

	accounting principle
Samir recorded the purchase of the motor vehicle upon its delivery into the business.	Historical cost
Samir has not recorded the value of his private motor vehicle in the books of account.	Business Entity
Samir has not recorded a value for his motor vehicle driving skills in his accounts.	Money measurement

[3]



Samir's ledger accounts at 1 January 2026 included the following balances.

shop fittings (at cost)	\$ 28400	} $28400 \times 10\% = 2840$ Dep & P $17040 \div 2840 = 6$ Years
provision for depreciation on shop fittings	17040	

He charges depreciation on shop fittings at 10% on the straight-line basis. $28400 \times 10\% = 2840$

Samir is considering purchasing new shop fittings to replace all his existing ones. The shop fittings would cost \$19250, and Samir expects them to last 5 years.

REQUIRED

5 Yrs

Dep & P 3850

↑ Dep & P 1010

- (f) Advise Samir whether or not he should buy the new shop fittings. Justify your answer by providing points for and points against buying the new shop fittings.

Favour:

New shop fittings will be more reliable and would improve efficiency in the business.

It will reduce chances of damages and accidents as old fittings were physically deteriorated and are already 6 years old.

Against:

It requires massive outflow which will have adverse effect on liquidity and cashflow position

It will increase depreciation expense by $(3850 - 2840)$ \$1010 hence decreasing profit.

Samir should go ahead with the purchase of new fittings. [5]

[Total: 20]



DO NOT WRITE IN THIS MARGIN



1 Oct 2024

3 Molly is a sole trader. She prepares her financial statements to 30 September each year.

At 30 September 2025, Molly's ledger account balances included the following:

	\$	
revenue <i>Sales</i>	94 650	
sales returns <i>(-) Revenue</i>	3 020	
rental income <i>other income</i>	13 200	<i>13200 - 2640 = 10560</i>
purchases <i>COG</i>	51 385	
wages <i>exp</i>	16 270	<i>+ 995</i>
rates and insurance <i>exp</i>	4 915	<i>- 350</i>
general expenses	6 460	<i>+ 293</i>
discount received <i>Income</i>	1 730	<i>+ 293</i>
inventory at 1 October 2024 <i>OP Inv</i>	4 455	
premises <i>NCA</i>	95 000	
fixtures and fittings at cost <i>NCA</i>	6 500	
fixtures and fittings – provision for depreciation	2 925	
trade receivables <i>CA</i>	1 310	
drawings <i>JSOP</i>	24 000	
capital at 1 October 2024	91 000	

Additional information

- Inventory at 30 September 2025 was valued at \$4960. *closing*
- Depreciation on fixtures and fittings is to be charged at 15% per annum using the straight-line method. No depreciation is to be charged on premises. *6500 x 15% = 975 Dep Exp*
- Rental income covered the period from 1 October 2024 to 31 December 2025. *15 months* *Oct + Nov + Dec = 3 months Prepaid*
- Discount received of \$293 had been credited in error to the general expenses account.
- The total for rates and insurance included an insurance payment of \$525 for 1 September 2025 to 30 November 2025. *525 / 3m = 175 x 2 months (Oct + Nov) = 350 Prepaid*
- Wages of \$995 were unpaid at 30 September 2025.

General exp *Dr +*

Discount Received *Cr +*



REQUIRED

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

Molly

Income statement for the year ended 30 September 2025

	\$	\$
Revenue		94650
less: Sales Returns		<u>(3020)</u>
Net Revenue		91630
<u>less: Cost of Sales</u>		
Opening Inventory	4455	
Add: Purchases	51385	
less: closing Inventory	<u>(4960)</u>	<u>(50880)</u>
Gross Profit		40750
<u>Add: other Income and Gains</u>		
Rental Income [13200 - 2640]	10560	
Discount Received [1730 + 293]	<u>2023</u>	<u>12583</u>
		53333
<u>less: expenses</u>		
wages [16270 + 995]	17265	
Rent and Rates [4915 - 350]	4565	
General expense [6460 + 293]	6753	
Depreciation - Fixtures	<u>975</u>	<u>(29558)</u>
Profit for the Year		<u>23775</u>

[10]



- (b) Prepare Molly's capital account for the year ended 30 September 2025. Balance the account, and bring down the balance at 1 October 2025.

Molly
Capital account

date	details	\$	date	details	\$
30 Sept ²⁰²⁵	Drawings	24000	1 Oct 2024	Balance b/d	91000
30 Sept	Balance c/d	90775	30 Sept 2025	Income Statement	23775
		114775			114775
			1 Oct ²⁰²⁵	Balance b/d	90775

[3]

- (c) Calculate Molly's gross margin for the year ended 30 September 2025. State your answer to two decimal places.

$$\frac{\text{Gross Profit} \times 100}{\text{Net Revenue}} = \frac{40750 \times 100}{91630} = 44.47\%$$

[2]

Molly is considering producing her own goods instead of purchasing goods from suppliers. She would convert the part of her premises which she currently rents out into a factory.

REQUIRED

- (d) Advise Molly whether or not to use this part of her premises to produce her own goods. Justify your answer.

Favour:

Producing own goods means less reliance on outside supplier.

She will ensure the quality of output produced

Against

It will reduce the additional source of income that is rental income and increasing dependency on business operations.

Molly has no experience of production.

Advise.....

[5]

[Total: 20]





4 Rajni completed her first year of trading on 31 January 2026. She has prepared a trial balance at 31 January 2026, but the totals do not agree. She has posted the difference to a suspense account.

Rajni asked one of her employees to check her books of account, and she found the following errors.

- 1 Sales returns of \$128 had been credited to the purchases returns account.
- 2 Cash drawings of \$190 had been recorded in the cash book. No other entry had been made.
- 3 An amount of \$62 received from Shamili, a credit customer, which was deposited into the bank account, was recorded twice.
- 4 Cash sales of \$374 have been credited to both the sales account and the bank account.
- 5 Bank charges of \$39 have been omitted from the accounting records. *OMISSION*

Cash 374

Sales 374

Sales 374

Bank 374



S-R ↑ Net Sales ↓ Profit ↓
 P-R ↓ Net Purchases ↑ Profit ↓

REQUIRED

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

Rajni
Journal

error number	details	debit \$	credit \$
1	Sales Returns	128	
	Purchases Returns	128	
	Suspense		256
2	Drawings	190	
	Suspense		190
3	Shimoli	62	
	Bank		62
4	Cash	374	
	Bank	374	
	Suspense		748
5	Bank charges	39	
	Bank		39



DO NOT WRITE IN THIS MARGIN



Before Rajni corrected the errors:

- draft profit for the year was \$16 950
- the cash book showed a debit balance of \$1568.

REQUIRED

(b) Complete the table to show the corrected profit for the year ended 31 January 2026.

	\$
original draft profit for the year ended 31 January 2026	16 950
Error 1	(256)
Error 2	No effect
Error 3	No effect
Error 4	No effect
Error 5	(39)
draft profit for the year ended 31 January 2026 after correcting the errors	<u>16 655</u>

[3]



- (c) Complete the table to show the corrected balance for the bank account in the cash book at 31 January 2026.

Debit + Credit ⇐	\$
original balance for the bank account at 31 January 2026	1568
Error 3	(62)
Error 4	374
Error 5	(39)
corrected balance for the bank account at 31 January 2026	<u>1841</u>

[4]

Once the bank account in the cash book has been corrected, the only difference between the bank balance in the cash book and the balance on the bank statement is an unpresented cheque for \$172.

REQUIRED

- (d) Calculate the balance on Rajni's bank statement at 31 January 2026.

	\$
Balance as Per Cash Book	1841
+ Unpresented Cheques	<u>172</u>
Balance as Per Bank Statement	<u>2013</u>

[2]

[Total: 20]

Balance as Per Bank Statement
 + Uncredited
 ⇐ unpresented
 Balance as Per Cash Book

Balance as Per Cash Book
 + unpresented
 ⇐ uncredited
 = Balance as Per Bank Statement



- 5 The financial statements for D Limited are prepared to 31 December each year.

During the year ended 31 December 2025:

- 1 The company made a profit for the year of \$31 250 after charging loan interest.
- 2 A dividend of \$6000 was paid. No other dividends are payable for the year.
- 3 An issue of 10 000 ordinary shares of \$1 each was made.

REQUIRED

- (a) Prepare the statement of changes in equity for D Limited for the year ended 31 December 2025.

D Limited
Statement of changes in equity for the year ended 31 December 2025

details	ordinary share capital \$	general reserve \$	retained earnings \$	total \$
on 1 January 2025	100 000	25 000	41 340	166 340
Profit for the Year	-	-	31 250	31 250
Dividend Paid	-	-	(6 000)	(6 000)
Issue of Shares	10 000	-	-	10 000
.....
.....
on 31 December 2025	<u>110 000</u>	<u>25 000</u>	<u>66 590</u>	<u>201 590</u>

[4]





The following figures were provided for D Limited at 31 December 2025.

	\$	
premises	163414	
motor vehicles (at net book value)	33280	
inventory	13682	✓
trade payables	16975	✓
trade receivables	17400	✓
provision for irrecoverable debts	348	
other receivables	14396	
other payables	4870	✓
bank overdraft	13889	✓
bank loan (repayable 2030)	4500	

REQUIRED

(b) Prepare the statement of financial position for D Limited at 31 December 2025.

D Limited
Statement of financial position at 31 December 2025

	\$	\$
<u>Non Current Assets (Net book value)</u>		
Premises		163414
Vehicles		<u>33280</u>
Total Non Current Assets		196694
<u>C.A</u>		
Inventory	13682	
T.R [17400 - 348]	17052	
Other Receivables	<u>14396</u>	<u>45130</u>
Total Assets		<u>241824</u>
<u>Equity:</u>		
Share Capital		110000
General Reserve		25000
Retained Earnings		<u>66590</u>
Total Equity		<u>201590</u>





Non C.L

Bank loan

4500

C.L

T.P

16975

other Payables

4870

Bank o/d

13889

35734

Total Equity and liabilities

241824



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(c) Calculate the liquid (acid test) ratio. State your answer to **two** decimal places.

$$\frac{C.A - Inventory}{C.L} = \frac{45130 - 13682}{35734} = 0.88:1$$

[2]

The directors of D Limited are concerned about the level of the company's overdraft. They are proposing to offer trade receivables 10% cash discount if they pay the amount due at 31 December 2025 within 14 days. No cash discount is currently offered.

REQUIRED

(d) Advise the directors whether they should offer trade receivables 10% cash discount. Justify your answer by providing points **for** and points **against** the proposal.

Favour:

..It will decrease the risk of bad debt.....

..It will improve cash inflows hence reducing overdraft reliance and interest on overdraft will decrease.....

Against

..Amount received will be after discount hence will decrease current assets and working capital.....

..It will increase expense and decrease profit.....

Advise...

[5]

(e) State **two** reasons why the bank manager of D Limited will be interested in the company's financial statements.

- 1 ..To decide the amount of overdraft limit.....
 - 2 ..To decide whether to give bank loans or not.....
- [2]

[Total: 20]



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