



# Cambridge IGCSE™

CANDIDATE  
NAME

CENTRE  
NUMBER

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CANDIDATE  
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## ACCOUNTING

0452/22

Paper 2 Structured Written Paper

October/November 2020

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. Blank pages are indicated.

1 Dev owns a business selling furniture.

The following transactions took place during August 2020.

| Transaction | Date     | Details   | \$  |
|-------------|----------|---|-----|
| 1           | August 9 | Sold goods on credit to Petra   | 675 |
| 2           | 14       | Petra returned damaged goods to Dev   | 120 |
| 3           | 23       | Banked cash sales   | 412 |
| 4           | 29       | Petra settled her outstanding balance at 1 August by credit transfer after taking a cash discount of 5% |     |

On 1 August 2020, the balance on credit customer Petra’s sales ledger account was \$940 debit.

**REQUIRED**

(a) Complete the table to name **each** business document **and** book of prime entry for the following transactions in Dev’s accounting records.

| Transaction | Business document | Book of prime entry |
|-------------|-------------------|---------------------|
| 2           |                   |                     |
| 3           |                   |                     |
| 4           |                   |                     |

[6]

(b) Prepare the account of Petra for August 2020 as it would appear in Dev’s sales ledger.

Balance the account and bring down the balance on 1 September 2020.

Dev  
Petra account

| Date<br>2020 | Details | \$    | Date<br>2020 | Details | \$    |
|--------------|---------|-------|--------------|---------|-------|
| .....        | .....   | ..... | .....        | .....   | ..... |
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[6]

- (c) Identify the section of Dev's statement of financial position at 31 August 2020 in which the balance on Petra's account would appear.

..... [1]

Dev allows his credit customers a cash discount of 5% for prompt payment. He is considering reducing this to 2%.

**REQUIRED**

- (d) State **one** advantage and **one** disadvantage to Dev of this proposal.

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.....  
..... [2]

Dev is considering turning his business into a limited company.

**REQUIRED**

- (e) Advise Dev whether or not he should form a limited company. Justify your answer with **two** advantages and **two** disadvantages of forming a limited company.

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..... [5]

[Total: 20]

- 2 BH Sports Club provides sporting facilities and a café for the use of its members and guests.

The club's financial year ends on 31 July. The following information is available.

Assets and liabilities

|   | At 1 August<br>2019 | At 31 July<br>2020 |
|---|---------------------|--------------------|
|   | \$                  | \$                 |
| Bank  | 840                 | 1270               |
| Café inventory  | 520                 | 770                |
| Sports hall at book value                               | 17 000              | 16 560             |
| Insurance prepaid – sports hall and<br>sports equipment | 400                 | 440                |
| Sports equipment at book value                          | 3900                | ?                  |
| Subscriptions in arrears                                | 360                 | 720                |
| Subscriptions received in advance                       | –                   | 120                |
| Wages accrued – café staff                              | 60                  | 80                 |

Receipts and Payments Account for the year ended 31 July 2020

| Details                | \$            | Details   | \$            |
|------------------------|---------------|---|---------------|
| Balance                | b/d 840       | Purchases of café supplies                      | 8 190         |
| Subscriptions received | 9 960         | Wages – café staff                              | 2 750         |
| Café takings           | 13 520        | Wages – sports staff                            | 5 220         |
|                        |               | Insurance – sports hall and<br>sports equipment | 1 430         |
|                        |               | Sports equipment                                | 2 100         |
|                        |               | Sports hall expenses                            | 3 360         |
|                        |               | Balance   | c/d 1 270     |
|                        | <u>24 320</u> |   | <u>24 320</u> |

Additional information

Sports equipment is depreciated at 10% per annum using the reducing balance method.





**PLEASE TURN OVER**

3 JP Limited's financial year ended on 30 September 2020.

The following balances were available at that date.

|  | \$      |
|--|---------|
| 7% debentures (2026)                               | 20 000  |
| Administrative expenses                            | 44 000  |
| Carriage inwards                                   | 1 500   |
| Distribution costs                                 | 38 000  |
| Debenture interest paid                            | 700     |
| Inventory at 1 October 2019                        | 66 000  |
| Non-current assets at book value at 1 October 2019 | 610 000 |
| Provision for doubtful debts                       | 1 000   |
| Purchases  | 263 000 |
| Revenue  | 529 500 |
| Trade receivables                                  | 80 500  |

Additional information

- 1 Inventory at 30 September 2020 was valued at \$59 000.
- 2 Interest on the 7% debentures (2026) had been paid up to 31 March 2020.
- 3 Administrative expenses included rates of \$1200 for the six months ending 31 March 2021.
- 4 Distribution costs of \$800 were outstanding at 30 September 2020.
- 5 Non-current assets should be depreciated by 10% per annum using the reducing balance method.
- 6 Irrecoverable debts of \$500 are to be written off.
- 7 The directors wish to maintain the provision for doubtful debts at 2% of trade receivables.



**REQUIRED**

(a) Calculate the cost of sales for the year ended 30 September 2020.

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..... [2]

(b) Calculate the increase or decrease in the provision for doubtful debts at 30 September 2020.

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..... [2]



- (d) Complete the table by placing a tick (✓) in the correct column to indicate the effect on the equity of JP Limited of **each** of the following.

The first one has been completed as an example.

|  | Increase | Decrease | No effect |
|--|----------|----------|-----------|
| Issue additional debentures                        |          |          | ✓         |
| Issue additional ordinary shares                   |          |          |           |
| Payment of ordinary share dividend                 |          |          |           |
| Proposal of ordinary share dividend                |          |          |           |
| Transfer from retained earnings to general reserve |          |          |           |

[4]

[Total: 20]

- 4 Carlos owns a business selling computer equipment.

He provided the following information for the year ended 31 July 2020.

|                    |         |
|--------------------|---------|
|                    | \$      |
| Sales              | 240 000 |
| Cost of sales      | 169 000 |
| Operating expenses | 55 000  |
| Drawings           | 18 000  |
| Capital employed   | 62 000  |

**REQUIRED**

- (a) Calculate the profit for the year ended 31 July 2020.

| Workings | Profit for the year ended |              |
|----------|---------------------------|--------------|
|          | 31 July 2020              | 31 July 2019 |
|          |                           | \$11 550     |

[1]

- (b) Calculate the following ratios correct to **two** decimal places.

Profit margin

| Workings | Year ended   |              |
|----------|--------------|--------------|
|          | 31 July 2020 | 31 July 2019 |
|          |              | 8.56%        |

Gross margin

| Workings | Year ended   |              |
|----------|--------------|--------------|
|          | 31 July 2020 | 31 July 2019 |
|          |              | 34.26%       |

Return on capital employed (ROCE)

| Workings | Year ended   |              |
|----------|--------------|--------------|
|          | 31 July 2020 | 31 July 2019 |
|          |              | 32.08%       |

[6]





**PLEASE TURN OVER**

5 Razia's financial year ends on 30 September.

The totals of the trial balance on 30 September 2020 did not agree. The totals were debit \$10 450 and credit \$10 250. A suspense account was opened.

The following errors were later discovered.

- 1 The total of the sales returns journal had been overcast by \$300.
- 2 Cash sales, \$820, had not been recorded in the books of account.
- 3 A purchase invoice, \$190, had been credited to the account of P Hill instead of D Hill.
- 4 A cheque payment, \$240, for motor repairs had been correctly entered in the cash book but had been posted to the debit of motor repairs account as \$420.
- 5 Rent received, \$310, had been debited to the rent payable account.
- 6 Staff wages, \$250, had been posted to Razia's drawings account.
- 7 A cheque paid, \$900, to Kamil, a credit supplier, had been entered correctly in the cash book but had not been posted to Kamil's account.

**REQUIRED**

(a) Prepare the suspense account. Start with the balance arising from the difference on the trial balance. The account should be balanced or totalled as necessary.

Razia  
Suspense account

| Date  | Details | \$    | Date  | Details | \$    |
|-------|---------|-------|-------|---------|-------|
| ..... | .....   | ..... | ..... | .....   | ..... |
| ..... | .....   | ..... | ..... | .....   | ..... |
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[6]









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