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CAMBRIDGE
International Education

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CANDIDATE NAME

CENTRE NUMBER

CANDIDATE NUMBER

2637760902

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.

DC (JP) 355094/4

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
	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%
	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.

Rahul
Cash book

date 2026	details	discount allowed $	cash $	bank $	date 2026	details	discount received $	cash $	bank $
Jan 1	*balances b/d*		*120*	*350*					
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[11]

(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	$
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[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	$
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[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

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.... [1]

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

....

.... [1]

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

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.... [2]

[Total: 20]

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.

	$
motor vehicles (at cost)	28 000
provision for depreciation on motor vehicles	10 080

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 $9500. 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.

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	$
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[2]

(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	$
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[5]

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

Samir
Disposal of motor vehicles account

date	details	$	date	details	$
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[3]

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
fuel (petrol)	85
insurance for one year	420
delivery of the vehicle	150
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.	
Samir has **not** recorded the value of his private motor vehicle in the books of account.	
Samir has **not** recorded a value for his motor vehicle driving skills in his accounts.	

[3]

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

	$
shop fittings (at cost)	28400
provision for depreciation on shop fittings	17040

He charges depreciation on shop fittings at 10% on the straight-line basis.

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

(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.

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.... [5]

[Total: 20]

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	94 650
sales returns	3 020
rental income	13 200
purchases	51 385
wages	16 270
rates and insurance	4 915
general expenses	6 460
discount received	1 730
inventory at 1 October 2024	4 455
premises	95 000
fixtures and fittings at cost	6 500
fixtures and fittings – provision for depreciation	2 925
trade receivables	1 310
drawings	24 000
capital at 1 October 2024	91 000

Additional information

1 Inventory at 30 September 2025 was valued at $4960.

2 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.

3 Rental income covered the period from 1 October 2024 to 31 December 2025.

4 Discount received of $293 had been credited in error to the general expenses account.

5 The total for rates and insurance included an insurance payment of $525 for 1 September 2025 to 30 November 2025.

6 Wages of $995 were unpaid at 30 September 2025.

REQUIRED

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

Molly
Income statement for the year ended 30 September 2025

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[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	$
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[3]

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

....

.... [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.

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.... [5]

[Total: 20]

Turn over

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.

REQUIRED

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

Rajni
Journal

error number	details	debit $	credit $
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[11]

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
draft profit for the year ended 31 January 2026 after correcting the errors	

[3]

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

	$
original balance for the bank account at 31 January 2026	1568
corrected balance for the bank account at 31 January 2026	

[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.

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.... [2]

[Total: 20]

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
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on 31 December 2025	....	....	....	....

[4]

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Turn over

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

	$
premises	163414
motor vehicles (at net book value)	33280
inventory	13 682
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

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[7]

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

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.... [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.

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.... [5]

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

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2 ....

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[2]

[Total: 20]

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