

Cambridge IGCSE[™]

CANDIDATE NAME					
CENTRE NUMBER			CANDIDATE NUMBER		

933376998

ACCOUNTING 0452/23

Paper 2 Structured Written Paper

May/June 2024

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.

1	imprest		30 April. She keeps her petty cash book using the 0. The totals of the payments analysis columns in her .
			\$
	Cle	eaning	21
	Sta	ationery	47
	Su	ndry expenses	44
		April 2024, Lottie received a refund for ty cash.	r damaged stationery, \$15. This amount was received
	REQUI	RED	
	(a) Ca	lculate the amount required to restore	e the petty cash imprest on 1 May 2024.
			[3]
	The pet	tty cash book is one of the books of p	rime entry.
	REQUII	RED	
	(b) Sta	ate	
	(i)	one other book of prime entry	
			[1]
	(ii)	two advantages of using books of p	orime entry

On 30 April 2024, Lottie sold a motor vehicle for \$6000 on credit to Y Limited. She had purchased the vehicle on 1 May 2021 for \$12000. Lottie charges depreciation on vehicles at 25% using the reducing balance method. No depreciation is charged in the year of disposal.

REQUIRED

(c)	(i)	Calculate the accumulated	d depreciati	on on the	vehicle at 30 April 2024.	
						 [2
	(ii)	Prepare the disposal of m	otor vehicle	es account		
		Dispos	Lo sal of motor		account	
Da	ate	Details	\$	Date	Details	\$

Date	Details	\$ Date	Details	\$

[4]

Lottie sells 3 different types of goods. Her inventory at 30 April 2024 is as follows.

Туре	Number of units	Purchase price per unit	Net realisable value per unit \$	Carriage inwards per unit
А	60	14	20	1
В	85	17	24	0
С	30	21	22	2

REQUIRED

(d)	Calculate the value of Lottie's inventory at 30 April 2024.
	[4]

Lottie pays \$360 per annum for insurance. On 1 May 2023, insurance of \$60 was prepaid. On 1 August Lottie paid \$360 by bank transfer for the year 1 July 2023 to 30 June 2024.

REQUIRED

(e) Prepare the insurance account for the year ended 30 April 2024. Bring down the balance at 1 May 2024.

Lottie Insurance account

Date	Details	\$ Date	Details	\$

[4]

[Total: 20]

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2 Toyah owns a factory which makes dolls' houses. Her financial year end is 31 January.

At 31 January 2024, her ledger accounts included the following balances.

	\$
Inventory at 1 February 2023	
Raw materials	12400
Work in progress	16970
Finished goods	14825
Revenue	390 100
Purchases of raw materials	143 000
Wages	
Factory operatives	51000
Factory supervisor	19000
Sales staff	30 000
Factory electricity	16 000
Rates and insurance	16200
General factory expenses	6 155
Factory machinery – at cost	120 000
Factory machinery – provision for depreciation	52500
Additional information	
1. Inventory at 31 January 2024	
Raw material	11 205
Work in progress	17682

- 2. Rates and insurance are to be apportioned 2/3 to the factory and 1/3 to the office.
- 3. At 31 January 2024, general factory expenses of \$235 were unpaid.
- 4. Factory machinery is depreciated at 25% per annum using the reducing balance method.

13480

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Finished goods

REQUIRED

(a) Prepare Toyah's manufacturing account for the year ended 31 January 2024.

Toyah Manufacturing Account for the year ended 31 January 2024

\$	\$
•••••	
 •••••	
•••••	
•••••	

[9]

(b) Prepare Toyah's income statement (trading section) for the year ended 31 January 2024.

Toyah

Inc	come statement	(trading sectio	n) for the yea	r ended 31 Jar \$	nuary 2024 \$
			I	Ψ	*

The factory produced 6936 dolls' houses during the year ended 31 January 2024.

REQUIRED

(c)	Calculate the manufacturing cost of each dolls' house. Round up your answer to the neares dollar.
	[1
	I

[5]

Idir, a competitor of Toyah's, has decided to cease trading. He has offered to sell his inventory of finished goods to Toyah at a discounted price in return for immediate payment in cash. The total price for these items is \$9600. Toyah has \$1415 cash at bank.

REQUIRED

(d)	Advise Toyah whether or not she should buy Idir's inventory. Justify your answer by providing two points for and two points against buying this inventory.
	[5]
	[Total: 20]

3 Akil prepared his trial balance at 29 February 2024. The total of the debit side was \$83640 and the total of the credit side was \$84025.

Akil later discovered the following errors.

- 1 The total of the sales journal for January 2024, \$3416, had been credited to the sales returns account.
- 2 A direct debit for insurance, \$115, had been credited to both the bank account and the insurance account.
- 3 Discount allowed, \$47, had been credited to the account for discount received.
- 4 A payment for office equipment, \$52, had been debited to the stationery account.
- 5 The purchases journal for February had been overcast by \$90.

REQUIRED

(a) State

(i)	which business document shows when the direct debit for insurance was paid	
(ii)	which of the errors listed in 1 to 5 above is an error of principle	[1]
		[1]

(b) Prepare the journal entries to correct errors 1 to 3 **only**. Narratives are **not** required.

Akil Journal

Error number	Details	Debit \$	Credit \$

[7]

(ii) Prepare the suspense account. Bring down any remaining balance at 1 March 202- Akil Suspense account Date Details \$ Date Details \$ Kil's draft profit for the year, before correction of the errors, was \$17 420. EQUIRED I) Calculate Akil's profit after items 1 to 5 have been corrected.	(::)					
Date Details \$ Date Details \$	(11)	Prepare the suspense act	A	kil	-	March 2024
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[Total: 20]

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4 Tadeen and Yadid are lawyers who have been in partnership for many years. The partners provided the following trial balance at 30 April 2024.

Tadeen and Yadid Trial balance at 30 April 2024

	\$	\$
Revenue		236 350
Salaries	79800	
Rates and insurance	17320	
Advertising	16730	
Office expenses	6150	
Interest on loan from Tadeen	1200	
Premises at cost	180 000	
Fittings and equipment at cost	70000	
Provision for depreciation of fittings and equipment		31500
Receivables	24200	
Cash at bank	19335	
Cash in hand	1375	
Loan from Tadeen		20000
Capital accounts		
Tadeen		125000
Yadid		85000
Current accounts		
Tadeen		3300
Yadid	4240	
Drawings		
Tadeen	34 300	
Yadid	46 500	
	501 150	501 150

Additional information

- 1 Rates and insurance include an amount of \$1920 for the year 1 March 2024 to 28 February 2025.
- 2 At 30 April 2024, \$1800 for salaries was due but unpaid.
- 3 Irrecoverable receivables of \$670 are to be written off.
- 4 Depreciation on fittings and equipment is to be charged at 15% per annum using the straight-line method.
- 5 The partnership agreement provides for

interest on partner's loan of 6% per annum interest on drawings of 5% interest on capital of 3% per annum a salary to Yadid of \$10000 per annum residual profits and losses are to be shared 60% to Tadeen and 40% to Yadid.

REQUIRED

(a) Prepare the income statement for Tadeen and Yadid for the year ended 30 April 2024.

Tadeen and Yadid Income Statement for the year ended 30 April 2024

\$	\$
	l

[8]

(b) Prepare the appropriation account for Tadeen and Yadid for the year ended 30 April 2024.

Tadeen and Yadid Appropriation account for the year ended 30 April 2024

			Ф	Ф	
				l l	[5]
(c)	Stat	е			
	(i)	one reason why the partners might consider reduc	cing their drawir	ngs	
					[1]
	(ii)	which accounting principle reflects the partners' in	tention to contir	nue trading indef	finitely.
	-	-		-	-

The partners employ one lawyer and office staff. The lawyer, Lakia is paid \$25000 but has decided to leave. Tadeen and Yadid have found a replacement lawyer, Raim. He has worked as a lawyer for 15 years and is well known in the local area. However, Raim wants to be a partner in the business rather than an employee and would expect 40% of the residual profit of the partnership each year.

REQUIRED

(d)	Advise Tadeen and Yadid whether or not they should offer Raim a partnership. Justify your answer by providing points for and against offering Raim a partnership.
	[5]
	[Total: 20]

5 Ajay is a retailer. He has provided the following information.

	\$
At 1 April 2023	
Inventory	5200
Trade receivables	6875
Cash at bank	1946
Trade payables	5 115
For the year ended 31 March 2024	
Revenue – credit sales	86400
cash sales	10600
Purchases	51 300
Expenses	23750
At 31 March 2024	
Inventory	6500
Trade receivables	9550
Cash at bank	1200
Trade payables	6 000

REQUIRED

(a) Complete the following table.

ratio	working	answer
Gross margin (to 2 decimal places)		
Profit margin (to 2 decimal places)		
Rate of inventory turnover (times) (to 2 decimal places)		
Trade receivables turnover days (round up to next whole day)		
Liquid (acid test) ratio (to 2 decimal places)		

[11]

Ajay has been trading for 3 years and he has established a good reputation. He has never changed his selling price. His gross margin for the year ended 31 March 2024 is higher than for the previous years.

REQUIRED

(b)	(i)	Suggest one reason why Ajay's gross margin has increased.
		[1
	(ii)	State one reason why Ajay's customers might be interested in his financial statements.
		[1

Ajay is concerned about the levels of his inventory and trade receivables. He is considering reducing his selling price.

REQUIRED

c)	Advise Ajay whether or not he should reduce his selling price. Justify your answer by providing advantages and disadvantages of reducing his selling price.
	[5]
	ough Ajay's gross margin has increased, his profit margin has fallen for each of the last years. Sales revenue is Ajay's only income.
REC	QUIRED
d)	State two reasons why Ajay should be concerned about his falling profit margin.
	1
	2
	[2]
	[Total: 20]

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