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Surname

Other names

Edexcel

International GCSE

Centre Number

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Accounting

Paper 1

Friday 10 May 2013 – Morning

Time: 2 hours 30 minutes

Paper Reference

4AC0/01

You do not need any other materials.

Total Marks

Instructions

- Use **black** ink or ball-point pen.
- **Fill in the boxes** at the top of this page with your name, centre number and candidate number.
- Answer **all** questions.
- Answer the questions in the spaces provided – *there may be more space than you need.*

Information

- The total mark for this paper is 100.
- The marks for **each** question are shown in brackets – *use this as a guide as to how much time to spend on each question.*
- Calculators may be used

Advice

- Read each question carefully before you start to answer it.
- Write your answers neatly and in good English.
- Try to answer every question.
- Check your answers if you have time at the end.

Turn over ►

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PEARSON

Section A

Answer ALL questions

Choose an answer A, B, C or D, and put a cross in the box ☒.
If you change your mind about an answer, put a line through the box ☒
and then mark your new answer with a cross ☒.

1 Which type of accounts are found in the sales ledger?

- A creditors
- B debtors
- C purchases
- D sales

(Total for Question 1 = 1 mark)

2 What is the effect on the balance sheet of a business paying creditors in full?

- A decrease in capital
- B Increase in capital
- C decrease in liabilities
- D increase in liabilities

(Total for Question 2 = 1 mark)

3 A business purchases new office machinery on credit from PH Ltd.

How would this transaction be shown in the ledger?

- | | Account to be debited | Account to be credited |
|--|------------------------------|-------------------------------|
|--|------------------------------|-------------------------------|

(Total for Question 3 = 1 mark)



4 In which book of original entry would bad debts written off be entered?

- A cash book
- B journal
- C purchases book
- D sales book

(Total for Question 4 = 1 mark)

5 What would be recorded on the credit side of the creditors ledger control account?

- A credit purchases
- B discount received
- C payment to creditors
- D returns outwards

(Total for Question 5 = 1 mark)

6 A business records the purchase of a motor vehicle in the motor vehicle repairs account. What type of error is this?

- A commission
- B original entry
- C principle
- D reversal

(Total for Question 6 = 1 mark)

7 A business purchases new production machinery. Which of the following costs would be classified as revenue expenditure?

- A cost of delivery
- B cost of installation
- C cost of machine
- D cost of repairs

(Total for Question 7 = 1 mark)



8 How would a partner's salary be treated in the final accounts?

| | Account to be debited | Account to be credited |
|--------------------------|------------------------------|-------------------------------|
| <input type="checkbox"/> | A appropriation | current |
| <input type="checkbox"/> | B current | appropriation |
| <input type="checkbox"/> | C current | profit and loss |
| <input type="checkbox"/> | D profit and loss | current |

(Total for Question 8 = 1 mark)

9 Hansel and Gretel are in partnership sharing profits and losses in the ratio of 3:2. Their partnership provides a salary for Hansel of £2 500 per annum. During the year their net profit was £7 500.

What would Gretel's share of profit be?

- A** £1 000
- B** £2 000
- C** £3 000
- D** £5 000

(Total for Question 9 = 1 mark)

10 Which accounting concept is described in the statement 'the business will continue in existence for the foreseeable future'?

- A** business entity
- B** consistency
- C** going concern
- D** prudence

(Total for Question 10 = 1 mark)

TOTAL FOR SECTION A = 10 MARKS



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SECTION B

Answer ALL questions.

11 New Wave Clothing supplies clothing to retailers. The following document is being prepared to send to a customer.

(W)..... **Note**

**New Wave Clothing
33 Market Square
London**

Harvey Nichols
22 Alexander Terrace
London

24 April 2013

| Quantity | Code | Description | Unit price (£) | Total (£) |
|----------|--------------------|--------------|----------------|-----------|
| 10 | KRD2 | Ladies Coats | 80 | (X) |
| | Trade Discount 20% | | | (Y) |
| | | | | (Z) |

Goods damaged in transit

(a) State the word that is missing at (W). (1)

.....

(b) State the figures that are missing at: (3)

(X)

(Y)

(Z)

(c) Why does New Wave Clothing offer Harvey Nichols a trade discount? (2)

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On 1 April 2013 Harvey Nichols owed New Wave Clothing £2 380. In addition to the transaction shown on the previous page, they purchased goods on 15 April 2013 for £1 240 and paid the full amount due on their account on 30 April 2013 by cheque.

(d) Prepare the account of Harvey Nichols in the books of New Wave Clothing for the month of April 2013 showing all the transactions for the month.

(4)

Harvey Nichols Account

| Date | Narration | £ | Date | Narration | £ |
|-------------|------------------|----------|-------------|------------------|----------|
| | | | | | |
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(Total for Question 11 = 10 marks)



12 Johan is a sole trader who sells goods for cash and on credit. He provided the following information for the year ended 31 December 2012.

| | 1 January 2012 | 31 December 2012 |
|-----------|-----------------------|-------------------------|
| | £ | £ |
| Debtors | 13 400 | 17 500 |
| Creditors | 9 600 | 11 200 |
| Stock | 3 400 | 4 500 |

His summarised bank account for the year ended 31 December 2012 revealed the following:

| | £ |
|---|-------------|
| Opening bank balance at 1 January 2012 | 2 460 (Dr) |
| Receipts from cash and credit customers | 64 100 |
| Payments for the year to suppliers, expenses and drawings | 43 800 |
| Closing bank balance at 31 December 2012 | 12 760 (Dr) |

During the year ended 31 December 2012:

| | £ |
|---|----------|
| Cash sales banked during the year | 11 600 |
| Cash purchases during the year | 14 250 |
| Payments to credit suppliers | 35 700 |
| Discount received from credit suppliers | 700 |



(a) Calculate Johan's **credit** sales for the year ended 31 December 2012.

(5)

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(b) Calculate Johan's **credit** purchases for the year ended 31 December 2012.

(5)

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(c) Prepare Johan’s trading account for the year ended 31 December 2012.

(8)

Johan
Trading Account
for the year ended 31 December 2012

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(d) Using the figures calculated in (c), and stating the formula used, calculate each of the following ratios to two decimal places

percentage of gross profit to sales

(2)

| Formula | Calculation |
|---------|-------------|
| | |

rate of stock turnover

(2)

| Formula | Calculation |
|---------|-------------|
| | |

After the preparation of his trading account, Johan discovers that he has not yet deposited additional cash sales of £1 350 into the bank. He has used this money to pay for additional purchases of stock.

(e) Indicate by placing a tick (✓) in the table below the effect (if any) of this transaction on the following items.

(3)

| | Increase | Decrease | No Effect |
|-------------------------------------|----------|----------|-----------|
| Gross profit | | | |
| Percentage of gross profit to sales | | | |
| Rate of stock turnover | | | |

(Total for Question 12 = 25 marks)



13 Saul runs a manufacturing business.

(a) Explain why it is necessary for Saul to prepare a manufacturing account in addition to a trading and profit and loss account.

(2)

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(b) Explain the difference between direct labour and indirect labour.

(2)

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The following information was provided for the year ended 31 December 2012.

| | £ |
|--|---------|
| Stock of raw materials – 1 January 2012 | 24 000 |
| Stock of raw materials – 31 December 2012 | 34 000 |
| Work in progress – 1 January 2012 | 9 760 |
| Work in progress – 31 December 2012 | 10 380 |
| Stock of finished goods – 1 January 2012 | 42 000 |
| Stock of finished goods – 31 December 2012 | 53 000 |
| Purchases of raw materials | 234 000 |
| Carriage on raw materials | 6 000 |
| Direct factory wages | 110 000 |
| Indirect factory expenses | 185 000 |
| Royalties | 60 000 |



(c) Select the relevant figures and prepare a manufacturing account for the year ended 31 December 2012.

(11)

**Saul
Manufacturing Account
Year ended 31 December 2012**

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(Total for Question 13 = 15 marks)



14 The following trial balance was extracted from the accounts of Safiya after the preparation of the trading, profit and loss account for the year

Safiya
Trial Balance as at 31 March 2013

| | Debit | Credit |
|--|----------------|----------------|
| | £ | £ |
| Accruals | | 875 |
| Bank | 8560 | |
| Bank loan – payable 2015 | | 16 000 |
| Capital | | 64 500 |
| Closing stock | 6 000 | |
| Creditors | | 15 680 |
| Debtors | 4 980 | |
| Drawings | 21 000 | |
| Fixtures and fittings (cost) | 40 000 | |
| Motor vehicles (cost) | 55 000 | |
| Net profit | | 14 366 |
| Prepayments | 1 430 | |
| Provision for depreciation – fixtures and fittings | | 5 000 |
| Provision for depreciation – motor vehicles | | 19 800 |
| Provision for doubtful debts | | 749 |
| | 136 970 | 136 970 |

(a) Prepare the capital account of Safiya for the year ended 31 March 2013. Balance the account on that date and bring the balance down to 1 April 2013.

(4)

Capital Account

| Date | Narration | £ | Date | Narration | £ |
|-------------|------------------|----------|-------------|------------------|----------|
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |



(c) Using the figures calculated in (b), and stating the formula used, calculate each of the following ratios to two decimal places.

Current ratio

(2)

| Formula | Calculation |
|------------------|-------------|
| | |

Quick ratio (acid test)

(2)

| Formula | Calculation |
|------------------|-------------|
| | |

Safiya provides the following information for the previous financial year.

| | Current ratio | Quick ratio (acid test) |
|--------------------------|---------------|-------------------------|
| Year ended 31 March 2012 | 2.5:1 | 1.4:1 |



(d) Evaluate the liquidity of the business over the two years and discuss the implications of this for the business’s creditors.

(5)

Handwriting area with horizontal dotted lines for response.

(Total for Question 14 = 25 marks)



15 Khalid purchased a new packaging machine costing £120 000 for his business on 1 July 2010. He decided to depreciate this machine at the rate of 20% using the reducing balance method.

(a) Explain the following two methods of depreciation.

Straight line

(2)

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Reducing balance

(2)

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(b) Prepare the provision for depreciation account for the years ended 30 June 2011 and 30 June 2012. Balance the account and bring the balance down on 1 July 2012.

(6)

Provision for Depreciation Account

| Date | Narration | £ | Date | Narration | £ |
|------|-----------|---|------|-----------|---|
| | | | | | |
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(c) Evaluate the application of the accruals (matching) concept and the consistency concept in relation to depreciation of fixed assets.

(5)

A series of 25 horizontal dotted lines for writing the answer to the question.

(Total for Question 15 = 15 marks)

**TOTAL FOR SECTION B = 90 MARKS
TOTAL FOR PAPER = 100 MARKS**



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