

Paper Reference WAC11/01
Pearson Edexcel
International Advanced Level

Total Marks

Accounting
International Advanced Subsidiary
PAPER 1: The Accounting System and
Costing

Time: 3 hours

In the boxes below, write your name, centre number and candidate number.

Surname					
Other names					
Centre Number					
Candidate Number					

YOU MUST HAVE

Nil

YOU WILL BE GIVEN

Data Booklet

Source Booklet

INSTRUCTIONS

**Answer BOTH questions in Section A and
THREE questions from Section B.**

All calculations must be shown.

**Answer the questions in the spaces provided in this
Question Paper or on the separate data sheets – there
may be more space than you need.**

**Do not return the Source Booklet with the
Question Paper.**

INFORMATION

The total mark for this paper is 200.

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.

The source material for use with Questions 1 to 6 is in the enclosed Source Booklet.

There may be spare copies of some data sheets in case you need them.

ADVICE

Read each question carefully before you start to answer it.

Check your answers if you have time at the end.

SECTION A

Answer BOTH questions in this section.

**Source material for Question 1 is on
pages 4 to 9 of the Source Booklet.**

1. (a) Explain TWO differences between
REVENUE EXPENDITURE and
CAPITAL EXPENDITURE.

(4 marks)

1 _____

2 _____

(continued on the next page)

Turn over

1. continued.

(b) State whether EACH of the following costs is
REVENUE EXPENDITURE or
CAPITAL EXPENDITURE.

(3 marks)

- **Redecoration.**

- **Additional computer equipment.**

- **Advertising newly refurbished premises.**

(continued on the next page)

Turn over

1. continued.

(c) Prepare the journal entries, including bank entries, to record the premises refurbishment costs in the books. Narratives are NOT required.

(4 marks)

Answer lines continue on the next two pages.

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Turn over

1. (c) continued.

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Turn over

1. (c) continued.

(continued on the next page)

Turn over

1. continued.

(d) Prepare for the year ended **30 April 2022** the:

(i) **Statement of Profit or Loss and Other Comprehensive Income (including an appropriation section)**

(16 marks)

Answer lines continue on the next four pages.

Turn over

1. (d) (i) continued.

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Turn over

1. (d) (i) continued.

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Turn over

1. (d) (i) continued.

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Turn over

1. (d) (i) continued.

(continued on the next page)

1. (d) continued.

(ii) current accounts of the partners.

(4 marks)

Answer lines continue on the next page.

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Turn over

1. (d) (ii) continued.

(continued on the next page)

1. continued.

(e) Prepare the Statement of Financial Position at 30 April 2022.

(12 marks)

Answer lines continue on the next four pages.

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Turn over

1. (e) continued.

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Turn over

1. (e) continued.

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Turn over

1. (e) continued.

[illegible]

Turn over

1. (e) continued.

(continued on the next page)

1. continued.

Linda and Rishi sell many of their goods on credit.
They are considering changing the method of sale
to cash sales ONLY.

(f) Evaluate the possible change of the method of
sale to cash sales ONLY.

(12 marks)

Answer lines continue on the next four pages.

Turn over

1. (f) continued.

This image shows a blank sheet of white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.

Turn over

1. (f) continued.

[illegible]

Turn over

1. (f) continued.

[illegible]

Turn over

1. (f) continued.

(Total for Question 1 = 55 marks)

**Source material for Question 2 is on
pages 10 to 17 of the Source Booklet.**

2. (a) Calculate the following ratios. Express your answers to two decimal places.

(i) Inventory turnover (in times per year).
(2 marks)

(continued on the next page)

2. (a) continued.

**(ii) Gross profit as a percentage of revenue.
(2 marks)**

(continued on the next page)

2. (a) continued.

(iii) Profit for the year as a percentage of
revenue.

(2 marks)

(continued on the next page)

2. (a) continued.

(iv) Percentage return on capital employed.

(2 marks)

(continued on the next page)

2. (a) continued.

(v) Trade payables payment period (in days).
(2 marks)

(continued on the next page)

Turn over

2. (a) continued.

(vi) Trade receivables collection period

(in days).

(2 marks)

(continued on the next page)

Turn over

2. continued.

(b) Explain a possible reason for the changes in any TWO ratios for EACH of the following for the year ended 30 April 2022.

(i) Profitability of the business.

(4 marks)

Answer lines continue on the next page.

2. (b) (i) continued.

(continued on the next page)

2. (b) continued.

(ii) Liquidity of the business.

(4 marks)

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(continued on the next page)

Turn over

2. continued.

(c) Explain the difference between:

(i) **FIXED costs and VARIABLE costs**
(4 marks)

(continued on the next page)

Turn over

2. (c) continued.

(ii) SEMI–FIXED costs and
SEMI–VARIABLE costs.

(4 marks)

(continued on the next page)

Turn over

2. continued.

(d) State ONE example from Syed's costs of the following.

(4 marks)

Answer lines continue on the next page.

- **Fixed cost**

- **Variable cost**

- **Semi-fixed cost**

Turn over

2. (d) continued.

- Semi-variable cost.

(continued on the next page)

2. continued.

(e) Prepare the Forecast Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 April 2023.

(5 marks)

Answer lines continue on the next page.

[illegible]

Turn over

2. (e) continued.

(continued on the next page)

Turn over

2. continued.

A friend of Syed's has suggested that when planning the expansion of his business he should also consider social accounting aspects in addition to profit when operating his business.

(f) Explain THREE ways in which Syed could consider SOCIAL ACCOUNTING in operating his business.

(6 marks)

Answer lines continue on the next page.

1

Turn over

2. (f) continued.

2 _____

3 _____

(continued on the next page)

Turn over

2. continued.

(g) Evaluate the use of profitability ratios as the ONLY way of judging the success of a business.

(12 marks)

Answer lines continue on the next four pages.

2. (g) continued.

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Turn over

2. (g) continued.

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Turn over

2. (g) continued.

[illegible]

Turn over

2. (g) continued.

(Total for Question 2 = 55 marks)

TOTAL FOR SECTION A = 110 MARKS

Turn over

SECTION B

Answer THREE questions from this section.

Indicate which question you are answering by marking a cross in the box. If you change your mind, put a line through the box and then indicate your new question with a cross.

If you answer Question 3 put a cross in this box

☐

Source material for Question 3 is on pages 19 to 22 of the Source Booklet.

- 3. (a) Refer to the table for Question 3(a) in the Data Booklet.**

Prepare the trial balance shown in the Data Booklet for the Hillside Sports Club at 30 April 2022 including the balance of the accumulated fund at that date.

(9 marks)

(continued on the next page)

3. continued.

(b) Calculate the profit or loss of the dance.

(5 marks)

Answer lines continue on the next page.

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Turn over

3. (b) continued.

(continued on the next page)

3. continued.

(c) Prepare the Income and Expenditure Account for the year ended 30 April 2022.

(10 marks)

Answer lines continue on the next two pages.

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Turn over

3. (c) continued.

[illegible]

Turn over

3. (c) continued.

(continued on the next page)

3. continued.

(d) Evaluate the financial position of the Hillside Sports Club.

(6 marks)

Answer lines continue on the next two pages.

3. (d) continued.

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Turn over

3. (d) continued.

(Total for Question 3 = 30 marks)

If you answer Question 4 put a cross in this box

☐

Source material for Question 4 is on pages 23 to 26 of the Source Booklet.

4. (a) State FOUR reasons why Marvin might prepare control accounts.

(4 marks)

1 _____

2 _____

3 _____

4 _____

(continued on the next page)

Turn over

4. continued.

(b) Prepare the Trade Receivables Ledger Control Account for the month of April 2022.

(10 marks)

Answer lines continue on the next page.

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Turn over

4. (b) continued.

[illegible]

(continued on the next page)

Turn over

4. continued.

- (c) Prepare the extract from the Statement of Financial Position showing the trade receivables balance at **30 April 2022**.
(3 marks)

(continued on the next page)

Turn over

4. continued.

(d) Prepare the B Luck Account in the books of Marvin.

(7 marks)

Answer lines continue on the next page.

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4. (d) continued.

(continued on the next page)

Turn over

4. continued.

(e) Evaluate whether it is ever possible for Marvin to avoid ALL irrecoverable debts.

(6 marks)

Answer lines continue on the next two pages.

4. (e) continued.

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Turn over

4. (e) continued.

(Total for Question 4 = 30 marks)

If you answer Question 5 put a cross in this box

☐

Source material for Question 5 is on pages 27 to 30 of the Source Booklet.

5. (a) Explain the following terms:
(4 marks)

- overhead allocation

- overhead apportionment.

(continued on the next page)

Turn over

5. continued.

(b) Prepare for the year ended 30 April 2022, the:

(i) Manufacturing Account

(16 marks)

Answer lines continue on the next four pages.

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Turn over

5. (b) (i) continued.

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Turn over

5. (b) (i) continued.

[illegible]

Turn over

5. (b) (i) continued.

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Turn over

5. (b) (i) continued.

(continued on the next page)

5. (b) continued.

(ii) Provision for Unrealised Profit Account.

(4 marks)

[illegible]

(continued on the next page)

Turn over

5. continued.

The Management of Harptree Manufacturing is considering changing the method of remuneration for production workers to a group bonus scheme basis.

(c) Evaluate the proposed change in the remuneration method.

(6 marks)

Answer lines continue on the next two pages.

5. (c) continued.

[illegible]

Turn over

5. (c) continued.

(Total for Question 5 = 30 marks)

If you answer Question 6 put a cross in this box

☐

Source material for Question 6 is on pages 31 to 36 of the Source Booklet.

6. (a) Explain how the following accounting concepts and conventions would be applied in the recording of non-current assets and charging depreciation.

(i) Historic cost
(2 marks)

(continued on the next page)

6. (a) continued.

(ii) Consistency
(2 marks)

(iii) Going concern
(2 marks)

(continued on the next page)

Turn over

6. continued.

- (b) Calculate the total depreciation charge on equipment for the year ended **30 April 2022**.
(4 marks)

(continued on the next page)

Turn over

6. continued.

(c) Prepare for the year ended 30 April 2022, the:

(i) Equipment Account

(4 marks)

[illegible]

(continued on the next page)

Turn over

6. (c) continued.

(ii) Equipment – Provision for Depreciation

Account

(3 marks)

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(continued on the next page)

Turn over

6. (c) continued.

(iii) Disposal Account.

(4 marks)

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(continued on the next page)

Turn over

6. continued.

(d) State **THREE DISADVANTAGES** of using the revaluation method for charging depreciation.

(3 marks)

1 _____

2 _____

3 _____

(continued on the next page)

Turn over

6. continued.

(e) Evaluate whether Highgate Construction should continue to use the straight-line method for depreciating the equipment.

(6 marks)

Answer lines continue on the next two pages.

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Turn over

6. (e) continued.

[illegible]

Turn over

6. (e) continued.

(Total for Question 6 = 30 marks)

TOTAL FOR SECTION B = 90 MARKS

TOTAL FOR PAPER = 200 MARKS

END OF PAPER
