

Paper Reference WAC11/01  
Pearson Edexcel  
International  
Advanced Level

Total Marks
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Accounting  
International Advanced Subsidiary  
Paper 1: The Accounting System and Costing

Wednesday 30 October 2019 – Morning

Time: 3 hours plus your additional time allowance.

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

Surname					
Other names					
Centre Number					
Candidate Number					

**YOU WILL BE GIVEN**

**Source Book**

**Data Book**

**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 in the Data Book – there may be more  
space than you need.**

**Do NOT return the Source Book 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 Source Book.**

**Turn over**

**ADVICE**

**Read each question carefully before you start to answer it.**

**Check your answers if you have time at the end.**

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## **SECTION A**

**Answer BOTH questions in this section.**

**Source material for Question 1 is on  
pages 4 to 15 of the Source Book.**

**Turn over**

- 1. (a) Calculate the capital introduced into the new partnership on 1 October 2018 by:**

- **Alvor**
- **Bernie.**

**(6 marks)**

**Answer lines continue on the next page.**

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**1. (a) continued.**

[illegible]

**(continued on the next page)**

**Turn over**

**1. continued.**

**AFTER calculating the partners' initial capital it was agreed that goodwill would NOT remain in the books of the partnership.**

**(b) Prepare the Statement of Financial Position at the start of business on 1 October 2018**

**(6 marks)**

**Answer lines continue on the next two pages.**

[illegible]

**Turn over**

**1. (b) continued.**

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**Turn over**



**1. (b) continued.**

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**(continued on the next page)**

**Turn over**

**1. continued.**

**(c) Prepare the Statement of Profit or Loss and Other Comprehensive Income, including an appropriation section, for the year ended 30 September 2019**  
**(19 marks)**

**Answer lines continue on the next four pages.**

[illegible]

**Turn over**

**1. (c) continued.**

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**Turn over**

**1. (c) continued.**

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**Turn over**

**1. (c) continued.**

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**Turn over**

1. (c) continued.

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1. continued.

(d) Explain whether EACH of the following costs are variable, fixed, semi-fixed or semi-variable:

- supervision salaries

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Turn over

1. (d) continued.

- rent

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1. (d) continued.

- telephone and communications.

(6 marks)

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(continued on the next page)

**1. continued.**

**(e) Calculate the projected profit or loss for the year ending 30 September 2020**

**(6 marks)**

**Answer lines continue on the next two pages.**

[illegible]

**Turn over**

**1. (e) continued.**

[illegible]

**Turn over**

1. (e) continued.

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(continued on the next page)

1. continued.

Alvor believes that there are many benefits to preparing projections of future income and costs. Bernie does not believe that the process provides any benefits.

(f) Evaluate whether it is useful to prepare projections of income and costs for future years.

(12 marks)

Answer lines continue on the next four pages.

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**1. (f) continued.**

[illegible]

**Turn over**

**1. (f) continued.**

[illegible]

**Turn over**

**1. (f) continued.**

[illegible]

**Turn over**



1. (f) continued.

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(Total for Question 1 = 55 marks)

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**Source material for Question 2 is on  
pages 16 to 21 of the Source Book.**

- 2. (a) Prepare, for the year ended 31 August 2019, the:**

**(i) Receipts and Payments Account**  
**(10 marks)**

**Answer lines continue on the next page.**

[illegible]

**Turn over**

**2. (a) (i) 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.

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**Turn over**

**2. (a) continued.**

## (ii) Subscriptions Account

**(5 marks)**

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**Turn over**

**2. (a) continued.**

### (iii) Rent and Insurance Account

**(5 marks)**

[illegible]

**(continued on the next page)**

**Turn over**

**2. (a) continued.**

**(iv) Trading Account showing the profit or loss on the annual dance**

**(4 marks)**

**Answer lines continue on the next two pages.**

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**Turn over**

**2. (a) (iv) continued.**

[illegible]

**Turn over**



2. (a) (iv) continued.

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**2. (a) continued.**

**(v) Income and Expenditure Account.**

**(11 marks)**

**Answer lines continue on the next two pages.**

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**Turn over**

**2. (a) (v) continued.**

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**Turn over**

2. (a) (v) continued.

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**2. continued.**

**(b) Explain, using ONE example from the Income and Expenditure Account prepared in (a)(v), the:**

**(i) accruals concept**  
**(2 marks)**

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**Turn over**

**2. (b) continued.**

**(ii) prudence concept.**

**(2 marks)**

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**Turn over**

2. continued.

The Annual General Meeting of the club was called to present the financial statements. Two members asked questions.

George asked whether the club had been ethical in preparing its financial statements.

(c) Explain the meaning of the term **ethics in accounting**.

(4 marks)

Answer lines continue on the next page.

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**2. (c) continued.**

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**(continued on the next page)**

**Turn over**



**2. continued.**

**A second member, Atqiya, recommended that the club should evaluate the purchase of a computer and a computer software package to maintain the accounting records and prepare the financial statements.**

**(d) Evaluate the use of information communication technology (ICT) in maintaining Kenton Lawn Tennis Club's accounting records and preparing the financial statements.**

**(12 marks)**

**Answer lines continue on the next four pages.**

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**Turn over**

**2. (d) continued.**

[illegible]

**Turn over**

**2. (d) continued.**

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**Turn over**

**2. (d) continued.**

[illegible]

**Turn over**

2. (d) continued.

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(Total for Question 2 = 55 marks)

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**TOTAL FOR SECTION A = 110 MARKS**

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**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 23 to 26 of the Source Book.**

**Turn over**

- 3. (a) Calculate the depreciation charge for the year ended 30 September 2019 for EACH type of non-current asset.**

**(i) Motor vehicles**  
**(3 marks)**

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**Turn over**

**3. (a) continued.**

## (ii) Plant and equipment

**(3 marks)**

[illegible]

**(continued on the next page)**

**Turn over**



3. (a) continued.

(iii) Loose tools.

(3 marks)

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**3. continued.**

**(b) Refer to the table for Question 3(b) in the Data Book. Complete the schedule of non-current assets.**

**(13 marks)**

**(c) State TWO reasons why the revaluation method may be the most appropriate method of depreciation for a non-current asset.**

**(2 marks)**

**1** \_\_\_\_\_

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**2** \_\_\_\_\_

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**(continued on the next page)**

**Turn over**

3. continued.

The Sales Manager of Elmo Construction stated,  
“I believe that we should calculate annual  
depreciation on all non–current assets using the  
straight line method.”

(d) Evaluate whether the straight line method is  
suitable for all non–current assets.

(6 marks)

Answer lines continue on the next two pages.

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**3. (d) continued.**

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**Turn over**

3. (d) continued.

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(Total for Question 3 = 30 marks)

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**If you answer Question 4 put a cross in this box**

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**Source material for Question 4 is on pages 27 to 33 of the Source Book.**

4. (a) Explain the difference between **profit** and **profitability**.

**(4 marks)**

[illegible]

**(continued on the next page)**

**Turn over**

4. continued.

(b) Calculate, for the year ended  
**30 September 2019**, the:

- gross profit as a percentage of revenue

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- net profit for the year as a percentage of revenue

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Turn over



4. (b) continued.

- return on capital employed

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- trade payables payment period.

(8 marks)

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(continued on the next page)

Turn over

**4. continued.**

**(c) Refer to the table for Question 4(c) in the Data Book. Prepare the Projected Statement of Profit or Loss and Other Comprehensive Income for the year ending 30 September 2020 (6 marks)**

**(d) Calculate, for the year ending 30 September 2020, the projected:**

- net profit for the year as a percentage of revenue**

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**Turn over**

4. (d) continued.

- return on capital employed.

(4 marks)

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4. continued.

(e) Calculate the value of the trade payables at **30 September 2020** if Rahman is to achieve a trade payables payment period of **30 days**.

(2 marks)

Answer lines continue on the next page.

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4. (e) continued.

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(continued on the next page)

**4. continued.**

**(f) Evaluate the use of considering only financial factors when judging the success of a business.**

**(6 marks)**

**Answer lines continue on the next two pages.**

[illegible]

**Turn over**

**4. (f) continued.**

[illegible]

**Turn over**

4. (f) continued.

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(Total for Question 4 = 30 marks)

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**If you answer Question 5 put a cross in this box**

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**Source material for Question 5 is on pages 34 to 37 of the Source Book.**

5. (a) Refer to the table for Question 5(a) in the Data Book. Complete the **Option 1** table showing the **total cost** of the delivery van in **EACH** of Year 1, Year 2 and Year 3, if the delivery van is purchased.  
(14 marks)

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- (b) Refer to the table for Question 5(b) in the Data Book. Complete the **Option 2** table showing the **total cost** of the delivery van in **EACH** of Year 1, Year 2 and Year 3, if the delivery van is hired.  
(4 marks)

(continued on the next page)

Turn over

5. continued.

(c) State the effect that both **Option 1** and **Option 2** would have upon the:

- cash payments made by Frost Bakeries in **Year 1**

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5. (c) continued.

- profit for the year in Year 3

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5. (c) continued.

- total cost of running the delivery van over the three years.

(6 marks)

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**5. continued.**

**(d) Evaluate whether Frost Bakeries should choose Option 1 or Option 2**

**(6 marks)**

**Answer lines continue on the next two pages.**

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**Turn over**

**5. (d) continued.**

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**Turn over**

5. (d) continued.

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(Total for Question 5 = 30 marks)

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**If you answer Question 6 put a cross in this box**

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**Source material for Question 6 is on pages 38 to 43 of the Source Book.**

6. (a) Explain the meaning of the terms:

(i) an error of commission

(2 marks)

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(ii) an error of principle.

(2 marks)

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(continued on the next page)

Turn over

**6. continued.**

**(b) Prepare the Journal entries, including bank entries, to record the correction of errors (1) to (4) in the books. Narratives are NOT required. (8 marks)**

**Answer lines continue on the next two pages.**

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**

**6. (b) continued.**

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**Turn over**

**6. (b) continued.**

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**(c) Refer to the table for Question 6(c) in the Data Book. Calculate the revised profit for the year ended 30 September 2019, after the correction of all errors. Complete the table in your Data Book.**

**(6 marks)**

**(d) Refer to the table for Question 6(d) in the Data Book. Prepare the revised Statement of Financial Position at 30 September 2019 AFTER the correction of all errors. Complete the table in your Data Book.**

**(6 marks)**

**(continued on the next page)**

**6. continued.**

**Kobi is considering recording the goodwill of his business in the Statement of Financial Position.**

**(e) Evaluate Kobi recording goodwill in his Statement of Financial Position.**

**(6 marks)**

**Answer lines continue on the next page.**

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**

**6. (e) continued.**

[illegible]

**(Total for Question 6 = 30 marks)**

**Turn over**

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**TOTAL FOR SECTION B = 90 MARKS**

**TOTAL FOR PAPER = 200 MARKS**

**END OF PAPER**

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