

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 3 to 7 of the Source Booklet.

1. (a) Calculate the:

(i) capital at 1 October 2021

(4 marks)

(continued on the next page)

1. (a) continued.

(ii) revenue (sales) for the year ended

30 September 2022

(5 marks)

[illegible]

(continued on the next page)

Turn over

1. (a) continued.

(iii) purchases for the year ended
30 September 2022.

(4 marks)

(continued on the next page)

1. continued.

(b) Prepare the:

(i) **Statement of Profit or Loss and Other
Comprehensive Income for the year ended
30 September 2022**

(15 marks)

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

1. (b) (i) continued.

[illegible]

Turn over

1. (b) (i) continued.

[illegible]

Turn over

1. (b) (i) continued.

[illegible]

Turn over

1. (b) (i) continued.

(continued on the next page)

1. (b) continued.

(ii) Statement of Financial Position at
30 September 2022.

(15 marks)

Answer lines continue on the next
four pages.

1. (b) (ii) continued.

[illegible]

Turn over

1. (b) (ii) continued.

[illegible]

Turn over

1. (b) (ii) continued.

[illegible]

Turn over

1. (b) (ii) continued.

(continued on the next page)

1. continued.

Bejam is considering whether to fund the expansion by offering an equal partnership to Kalib, or to obtain an 8% bank loan repayable over 5 years.

(c) Evaluate whether Bejam should offer Kalib a partnership or obtain an 8% bank loan repayable over 5 years.

(12 marks)

Answer lines continue on the next two pages.

1. (c) continued.

[illegible]

Turn over

1. (c) continued.

(Total for Question 1 = 55 marks)

Source material for Question 2 is on pages 8 to 12 of the Source Booklet.

2. (a) Refer to the table for Question 2(a) in the Data Booklet.

Complete the corrected trial balance shown in the Data Booklet at **30 September 2022**.

(10 marks)

- (b) Refer to the table for Question 2(b) in the Data Booklet.

Complete the table in the Data Booklet calculating the revised profit for the year ended **30 September 2022**.

(13 marks)

(continued on the next page)

2. continued.

(c) Prepare the following ledger accounts for the year ended 30 September 2022.

(i) Rent Payable Account

(4 marks)

Answer lines continue on the next page.

[illegible]

Turn over

2. (c) (i) continued.

(continued on the next page)

2. (c) continued.

(ii) Rent Receivable Account.

(4 marks)

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(continued on the next page)

Turn over

2. continued.

(d) Explain the following terms, giving
ONE example of how each term would be
applied when preparing the financial statements
of Alexandra's business.

(12 marks)

Answer lines continue on the next two pages.

- **Materiality concept**

- **Business entity concept**

Turn over

2. (d) continued.

- **Money measurement concept**

- **Annual depreciation charge**

2. (d) continued.

- Allowance for irrecoverable debts

- Accounting ethics.

(continued on the next page)

2. continued.

A friend of Alexandra stated that

‘A balanced trial balance must ensure that the business transactions in the books of account have been recorded correctly.’

(e) Evaluate this statement.

(12 marks)

Answer lines continue on the next two pages.

2. (e) continued.

[illegible]

Turn over

2. (e) continued.

(Total for Question 2 = 55 marks)

TOTAL FOR SECTION A = 110 MARKS

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 14 to 16 of the Source Booklet.

3. (a) (i) Explain the term JOB COSTING.
(2 marks)

- (ii) Identify TWO types of industry that might
use job costing.
(2 marks)

1

2

(continued on the next page)

3. continued.

(b) Refer to the table for Question 3(b) in the Data Booklet.

Calculate the TOTAL overheads using the CONTINUOUS ALLOTMENT METHOD, after the reapportionment of the service department overheads to the production departments.
(12 marks)

(continued on the next page)

3. continued.

(c) Calculate the hourly overhead recovery rate, to the nearest pence, for the:

(i) Machining department
(2 marks)

(continued on the next page)

3. (c) continued.

(ii) Finishing department.

(2 marks)

(continued on the next page)

3. continued.

**In the previous year, ended 30 September 2021,
the overhead for the Finishing Department was
UNDER–ABSORBED by £3 800**

- (d) (i) Explain the meaning of the term
UNDER–ABSORBED.
(2 marks)**

(continued on the next page)

3. (d) continued.

(ii) Identify TWO possible reasons for the
Finishing Department overheads being
under-absorbed.

(2 marks)

1 _____

2 _____

(continued on the next page)

3. continued.

The raw materials used to make metal components are issued to production using the last in first out (LIFO) method.

(e) Evaluate the use of the last in first out (LIFO) method when issuing raw materials to production.

(6 marks)

Answer lines continue on the next two pages.

3. (e) continued.

[illegible]

Turn over

3. (e) 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 17 to 20 of the Source Booklet.

4. (a) Calculate the following for Primary Metals.
Give your answers to two decimal places.

- (i) Gross profit as a percentage of revenue.
(2 marks)

(continued on the next page)

4. (a) continued.

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

(2 marks)

(iii) Percentage return on capital employed.

(2 marks)

(continued on the next page)

Turn over

4. continued.

(b) Prepare the Forecast Statement of Profit or Loss and Other Comprehensive Income for Primary Metals, for the year ended 30 September 2023, if the purchase goes ahead.

(10 marks)

Answer lines continue on the next two pages.

[illegible]

4. (b) continued.

[illegible]

Turn over

4. (b) continued.

(continued on the next page)

4. continued.

(c) Calculate the following forecasts for the year ending 30 September 2023, to the nearest two decimal places.

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

(2 marks)

(continued on the next page)

4. (c) continued.

(ii) Percentage return on capital employed.

(2 marks)

(continued on the next page)

4. continued.

- (d) Explain FOUR ways in which the principles of SOCIAL ACCOUNTING might NOT be applied if the Venture Capital proposals are implemented.
(4 marks)

1 _____

2 _____

3 _____

4 _____

(continued on the next page)

Turn over

4. continued.

(e) Evaluate the proposed purchase from the viewpoint of Primary Metals.

(6 marks)

Answer lines continue on the next two pages.

[illegible]

4. (e) continued.

[illegible]

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 21 to 24 of the Source Booklet.

5. (a) Calculate the capital of Ciara on
30 September 2021.
(2 marks)

(continued on the next page)

5. continued.

(b) Prepare the capital accounts for EACH of Ciara and Dennis on 1 October 2021.

(4 marks)

Answer lines continue on the next page.

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5. (b) continued.

(continued on the next page)

5. continued.

(c) Prepare the summarised Bank Account at 1 October 2021.

(7 marks)

Answer lines continue on the next two pages.

[illegible]

5. (c) continued.

[illegible]

Turn over

5. (c) continued.

(continued on the next page)

5. continued.

(d) Prepare the Statement of Financial Position of the new partnership at 1 October 2021.

(8 marks)

Answer lines continue on the next two pages.

[illegible]

5. (d) continued.

[illegible]

Turn over

5. (d) continued.

(continued on the next page)

5. continued.

In the year ended 30 September 2022 Dennis was appropriated £4 400 as his share of the profit.

(e) Calculate the partnership profit for the year ended 30 September 2022.

(3 marks)

(continued on the next page)

5. continued.

Ciara and Dennis are considering having floating capital accounts.

(f) Evaluate the use of floating capital accounts for partners.

(6 marks)

Answer lines continue on the next two pages.

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5. (f) continued.

[illegible]

5. (f) 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 25 to 27 of the Source Booklet.

- 6. (a) Prepare the journal entries correcting the errors. Narratives are NOT required.**

(10 marks)

Answer lines continue on the next two pages.

[illegible]

6. (a) continued.

[illegible]

Turn over

6. (a) continued.

(continued on the next page)

6. continued.

(b) Identify the type of error in EACH of (1) to (5).
(5 marks)

(1) _____

(2) _____

(3) _____

(4) _____

(5) _____

(continued on the next page)

Turn over

6. continued.

(c) Calculate the corrected closing balance of Coldstore Traders on 31 July 2022.

(5 marks)

Answer lines continue on the next page.

[illegible]

6. (c) continued.

(continued on the next page)

6. continued.

(d) Explain TWO differences between an
ERROR OF REVERSAL and an **ERROR OF
COMPENSATION**.

(4 marks)

1 _____

2 _____

(continued on the next page)

6. continued.

The sales manager made the following statement.

**‘If we bought and sold all goods for cash,
there would be no errors in the books.’**

(e) Evaluate the sales manager’s statement.

(6 marks)

Answer lines continue on the next two pages.

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
