

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

Total Marks

Thursday 12 October 2023 – Morning

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

Source Booklet (enclosed)

YOU WILL BE GIVEN

Nil

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 – 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.

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.
Write your answers in the spaces provided.**

**Source material for Question 1 is on
pages 3 to 7 of the Source Booklet.**

- 1 (a) Prepare the Statement of Profit Loss and
Other Comprehensive Income (including an
appropriation account) for the year ended
30 September 2023.
(17 marks)**

Answer space continues on the next 5 pages.

Turn over

1(a) continued.

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Turn over

1(a) continued.

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1(a) continued.

(continued on the next page)

1 continued.

**(b) Prepare the ledger accounts for the year ended
30 September 2023.**

**(i) Capital account of Bipul
(3 marks)**

(continued on the next page)

1(b) continued.

**(ii) Current account of Artem
(4 marks)**

(continued on the next page)

Turn over

1 continued.

**(c) Prepare the Statement of Financial Position at
30 September 2023.
(19 marks)**

Answer space continues on the next 5 pages.

1(c) continued.

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1(c) continued.

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1(c) continued.

(continued on the next page)

1 continued.

- (d) Evaluate the decision of Artem and Bipul to bring additional capitals into the business rather than increasing the bank loan further.
(12 marks)**

Answer space continues on the next 2 pages.

1(d) continued.

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1(d) continued.

(Total for Question 1 = 55 marks)

Source material for Question 2 is on pages 8 to 14 of the Source Booklet.

- 2 (a) Calculate for the year ended 30 September 2023 the:**
- (i) total sales**
(6 marks)

Answer space continues on the next page.

2(a)(i) continued.

(continued on the next page)

2(a) continued.

**(ii) purchases of raw materials.
(4 marks)**

(continued on the next page)

Turn over

2 continued.

- (b) Prepare the Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 September 2023.
(11 marks)**

Answer space continues on the next 2 pages.

Turn over

2(b) continued.

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Turn over

2(b) continued.

(continued on the next page)

2 continued.

- (c) Calculate the TOTAL COST of making
ONE sandwich ready for sale.
(7 marks)**

Answer space continues on the next page.

Turn over

2(c) continued.

(continued on the next page)

2 continued.

(d) Explain the terms:

**(i) day work
(2 marks)**

(continued on the next page)

2(d) continued.

**(ii) piecework.
(2 marks)**

(continued on the next page)

2 continued.

- (e) Calculate the TOTAL COST of making
ONE sandwich ready for sale using piecework as
the method of remuneration.
(5 marks)**

Answer space continues on the next page.

2(e) continued.

(continued on the next page)

2 continued.

(f) Calculate the total wage that would be earned by Brett for period three using:

**(i) day work
(3 marks)**

(continued on the next page)

2(f) continued.

**(ii) piecework.
(3 marks)**

(continued on the next page)

2 continued.

- (g) Evaluate the possible change of remuneration from day work to piecework from the viewpoint of Costas.
(12 marks)**

Answer space continues on the next 2 pages.

2(g) continued.

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2(g) continued.

(Total for Question 2 = 55 marks)

TOTAL FOR SECTION A = 110 MARKS

SECTION B

**Answer THREE questions from this section.
Write your answers in the spaces provided.**

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 the box ☐.

Source material for Question 3 is on pages 15 to 17 of the Source Booklet.

- 3 (a) State THREE ways in which the preparation of control accounts could be useful to Andreas in running his business.
(3 marks)**

Answer space continues on the next page.

1 _____

3(a) continued.

2 _____

3 _____

(continued on the next page)

3 continued.

(b) Prepare the Trade Receivables Ledger Control Account for the month ended 31 August 2023. (11 marks)

Answer space continues on the next 2 pages.

[illegible]

Turn over

3(b) continued.

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Turn over

3(b) continued.

(continued on the next page)

3 continued.

- (c) Prepare the Journal entries in the books of account to record the £90 receipt on 15 September 2023. Narratives are NOT required. (6 marks)**

Answer space continues on the next page.

3(c) continued.

(continued on the next page)

3 continued.

- (d) State FOUR ways in which Andreas might use credit control to reduce the possibility of incurring irrecoverable debts in the future.
(4 marks)**

1 _____

2 _____

3 _____

4 _____

(continued on the next page)

Turn over

3 continued.

**(e) Evaluate Andreas selling goods only for cash.
(6 marks)**

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3(e) continued.

(Total for Question 3 = 30 marks)

If you answer Question 4, put a cross in the box ☐.

Source material for Question 4 is on pages 18 to 21 of the Source Booklet.

4 (a) State ONE reason for calculating each of the following:

(i) use of assets ratios
(2 marks)

(continued on the next page)

4(a) continued.

**(ii) profitability ratios.
(2 marks)**

(continued on the next page)

4 continued.

(b) Calculate for Sunshine Partners the:

**(i) gross profit as a percentage of revenue
(2 marks)**

(continued on the next page)

4(b) continued.

**(ii) percentage return on capital employed
(2 marks)**

**(iii) non-current assets to revenue ratio
(2 marks)**

4(b) continued.

(iv) inventory turnover (times per year)
(2 marks)

(v) trade receivables collection period (days)
(2 marks)

4(b) continued.

**(vi) trade payables payment period (days).
(2 marks)**

(continued on the next page)

4 continued.

(c) Comment upon the ratios calculated in part (b) and for the previous two years under the following headings. Select TWO ratios for each of the following:

**(i) control of cash movements
(4 marks)**

Answer space continues on the next page.

Turn over

4(c)(i) continued.

(continued on the next page)

4(c) continued.

**(ii) profitability.
(4 marks)**

(continued on the next page)

Turn over

4 continued.

- (d) Evaluate the use of social accounting in the decision making of a business.
(6 marks)**

Answer space continues on the next page.

4(d) continued.

(Total for Question 4 = 30 marks)

If you answer Question 5, put a cross in the box ☐.

Source material for Question 5 is on pages 22 to 24 of the Source Booklet.

5 (a) Explain the following accounting concepts and conventions:

**(i) business entity
(2 marks)**

(continued on the next page)

5(a) continued.

**(ii) realisation
(2 marks)**

**(iii) accruals.
(2 marks)**

5 continued.

(b) Calculate the:

- (i) total production cost for the year ended
30 September 2023
(6 marks)**

Answer space continues on the next page.

5(b)(i) continued.

(continued on the next page)

5(b) continued.

**(ii) profit for the year ended 30 September 2023
(5 marks)**

Answer space continues on the next page.

[illegible]

Turn over

5(b)(ii) continued.

(continued on the next page)

5(b) continued.

**(iii) bank balance at 30 September 2023.
(7 marks)**

Answer space continues on the next page.

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Turn over

5(b)(iii) continued.

(continued on the next page)

5 continued.

Banuja is considering employing a part-time bookkeeper to manage his accounts.

**(c) Evaluate Banuja employing a part-time bookkeeper.
(6 marks)**

Answer space continues on the next page.

Turn over

5(c) continued.

(Total for Question 5 = 30 marks)

If you answer Question 6, put a cross in the box ☐.

Source material for Question 6 is on pages 25 and 26 of the Source Booklet.

6 (a) Explain how the following errors occur:

**(i) an error of original entry
(2 marks)**

(continued on the next page)

6(a) continued.

**(ii) an error of principle.
(2 marks)**

(continued on the next page)

6 continued.

(b) Prepare the journal entries to correct the errors (1) to (5). Narratives are NOT required. (10 marks)

Answer space continues on the next 2 pages.

[illegible]

Turn over

6(b) continued.

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6(b) continued.

(continued on the next page)

6 continued.

- (c) Prepare the Suspense Account showing the ORIGINAL DIFFERENCE in the trial balance.
(4 marks)**

(continued on the next page)

Turn over

6 continued.

- (d) Calculate the revised profit for the year ended 30 September 2023 AFTER THE CORRECTION of all errors.
(6 marks)**

Answer space continues on the next page.

6(d) continued.

(continued on the next page)

6 continued.

- (e) Evaluate whether Casey should calculate a draft profit when it is known that there are errors in the books of account.
(6 marks)**

Answer space continues on the next page.

6(e) continued.

(Total for Question 6 = 30 marks)

TOTAL FOR SECTION B = 90 MARKS
TOTAL FOR PAPER = 200 MARKS
END OF PAPER