Please check the examination details below before entering your candidate information

Candidate surname	Other names

Centre Number | Candidate Number

Pearson Edexcel International GCSE

Tuesday 3 June 2025

Afternoon (Time: 1 hour 15 minutes) | **Paper reference** **4WAC2/01**

Accounting (Modular)

Level 1/2

UNIT 2: Financial Statements

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.*
- Calculators may be used.

Information

- The total mark for this paper is 50.
- The marks for **each** question are shown in brackets – *use this as a guide as to how much time to spend on each question.*

Advice

- Read each question carefully before you start to answer it.
- Try to answer every question.
- Check your answers if you have time at the end.

Turn over ▶

P 8 0 2 9 7 A 0 1 1 6

Pearson

Answer ALL questions. Write your answers in the spaces provided.

1 Josh, a manufacturer, provided the following information for the year ended 31 March 2025.

Inventory	1 April 2024 $	31 March 2025 $
Raw materials	12 630	16 350
Work-in-progress	11 850	13 270
Finished goods	20 500	31 110

	$
Non-current assets – cost – provision for depreciation	 145 800 53 200
Administrative expenses	19 600
Carriage outwards	3 180
Electricity	12 600
Insurance	12 000
Purchases – finished goods – raw materials	 14 000 164 830
Rent	53 500
Revenue	502 500
Royalties	6 000
Wages – administrative expenses – factory supervisor – production	 29 600 22 500 94 100

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Additional information at 31 March 2025

- Electricity accrued was $1 400 and rent paid in advance was $8 900
- Non-current assets are depreciated at 15% per annum using the reducing balance method.
- Depreciation, rent, electricity and insurance are apportioned 80% to the factory and 20% to administrative expenses.

(a) Prepare the manufacturing account for the year ended 31 March 2025.

(12)

Josh
Manufacturing Account for the year ended 31 March 2025

(b) Prepare the income statement for the year ended 31 March 2025.

Josh
Income Statement for the year ended 31 March 2025

(13)

(Total for Question 1 = 25 marks)

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2 (a) (i) Explain how the creation of a provision for irrecoverable debts is an application of the prudence concept.

(3)

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(ii) Explain how the recording of goods taken by the owner is an application of the business entity concept.

(2)

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Carl and Daniel are in partnership, sharing profits and losses equally.

They have prepared a draft income statement for the year ended 31 March 2025 showing a profit of $19 340

Balances at 1 April 2024	**$**
Capital accounts – Carl – Daniel	 25 000 25 000
Current accounts – Carl – Daniel	 21 200 6 400 Dr
Balances at 31 March 2025	
Bank loan (2027)	6 000
Bank overdraft	1 480
Fixtures and fittings – cost – provision for depreciation	 104 000 39 000
Inventory	21 100
Other payables	740
Other receivables	400
Provision for irrecoverable debts	510
Trade payables	12 250
Trade receivables	18 620

Additional information at 31 March 2025

- An irrecoverable debt of $1 420 is to be written off.
- The partners wish to maintain the provision for irrecoverable debts at 2% of trade receivables.
- No entries had been made for goods taken by Daniel for his own use, $300

(b) Calculate the revised profit for the year ended 31 March 2025.

(4)

	$
Draft profit for the year	19 340
Irrecoverable debts written off	
Change in provision for irrecoverable debts	
Goods taken for own use	
Revised profit for the year	

(c) Prepare the statement of financial position at 31 March 2025.

(11)

Workings

Carl and Daniel
Statement of Financial Position at 31 March 2025

(d) Advise the partners whether they should continue maintaining separate current and capital accounts.

(5)

(Total for Question 2 = 25 marks)

TOTAL FOR PAPER = 50 MARKS

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