

Write your name here

Surname

Other names

**Pearson Edexcel
International GCSE**

Centre Number

--	--	--	--	--

Candidate Number

--	--	--	--

Accounting

Paper 1

Tuesday 24 January 2017 – Morning
Time: 2 hours 30 minutes

Paper Reference

4AC0/01

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.*

Information

- The total mark for this paper is 100.
- 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.

Advice

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

Turn over ►

P48370A

©2017 Pearson Education Ltd.

1/1/1/1/1



Pearson

SECTION A

Answer ALL questions.

Some questions must be answered with a cross in a box ☒. If you change your mind about an answer, put a line through the box ☒ and then mark your new answer with a cross ☒.

1 A business sells goods for cash. What are the entries in the books of the seller?

	Debit	Credit
<input type="checkbox"/> A	cash	sales
<input type="checkbox"/> B	cash	debtor
<input type="checkbox"/> C	sales	cash
<input type="checkbox"/> D	debtor	cash

(Total for Question 1 = 1 mark)

2 Which item would be recorded on the debit side of a sales ledger control account?

- A bad debts
- B credit sales
- C payments from debtors
- D sales returns

(Total for Question 2 = 1 mark)

3 Which transaction would **not** be entered in a business's cash book?

- A purchase of goods from T Patel, paying by cheque
- B purchase of goods by a customer, paying in cash
- C purchase of goods from J Walsh on credit
- D purchase of a new machine, paying by cheque

(Total for Question 3 = 1 mark)

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA



4 A business instructs its bank to make a regular payment of a fixed amount to a supplier. What is this known as?

- A cheque
- B credit transfer
- C direct debit
- D standing order

(Total for Question 4 = 1 mark)

5 What is the main purpose of preparing a trial balance?

- A balance the accounts in the ledger
- B calculate the amount of profit or loss made
- C ensure the balance sheet is correct
- D ensure the arithmetical accuracy of the ledger

(Total for Question 5 = 1 mark)

6 Which of the following errors would be revealed by preparing a trial balance?

- A an amount received from J Smith, a debtor, was entered in the account of J Smyth
- B an invoice received from a creditor was not entered in the accounts
- C a payment received from a debtor for £321 was entered in the cash book as £231
- D a payment of £761 to a creditor was not posted to their account

(Total for Question 6 = 1 mark)

7 A trader always uses the diminishing balance method of depreciation for machinery. Which accounting concept is being applied?

- A accrual
- B consistency
- C dual aspect
- D going concern

(Total for Question 7 = 1 mark)



8 In the accounts of clubs and societies which term represents their capital?

- A accumulated fund
- B bank balance
- C subscriptions
- D surplus

(Total for Question 8 = 1 mark)

9 At the start of 2016 a club had subscriptions received in advance of £250. During the year subscriptions totalling £8 300 were received, and a further £345 was outstanding at the end of the year. What amount should appear in the income and expenditure account for 2016?

- A £7 705
- B £8 300
- C £8 550
- D £8 895

(Total for Question 9 = 1 mark)

10 The following information was provided for the year ended 31 December 2016.

	£
Sales	80 000
Cost of sales	40 375
Stock 1 January 2016	5 300
Stock 31 December 2016	4 200

What was the rate of stock turnover?

- A 4.25
- B 7.62
- C 8.50
- D 16.84

(Total for Question 10 = 1 mark)

TOTAL FOR SECTION A = 10 MARKS



DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

BLANK PAGE
QUESTION 11 BEGINS ON THE NEXT PAGE.



SECTION B

Answer ALL questions.

- 11 Charlotte, a sole trader, sells goods only on credit, offering all customers a trade discount of 10%. All sales are subject to VAT at the rate of 20%.

During the month of November 2016 she made the following transactions.

November	Transaction
2	Sold goods to L Homer, list price £280
3	Sold goods to M Ward, list price £540
8	L Homer returned goods, list price £70
12	Sold goods to J Courtney, list price £850
21	M Ward returned goods, list price £60
27	Sold goods to C Lion, list price £290
30	Sold goods to L Homer, list price £350

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA



DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

(a) Prepare Charlotte's sales book and sales returns book for the month of November 2016, showing the totals for the month.

(9)

Sales Book

Date	Name	Net £	Vat £	Total £

Sales Returns Book

Date	Name	Net £	Vat £	Total £

(b) Complete the table below to indicate which side of the account the totals of **each** day book would be posted.

(6)

	Net		Vat		Total	
	Account	Debit/Credit	Account	Debit/Credit	Account	Debit/Credit
Sales book	Sales		Vat		Sales ledger control	
Sales returns book	Sales returns		Vat		Sales ledger control	



On 1 November 2016 L Homer owed Charlotte £400. On 7 November 2016 L Homer paid this amount by cheque after taking a cash discount of 5%.

- (c) Prepare the account of L Homer for the month of November 2016. Balance the account on 30 November 2016 and bring the balance down to 1 December 2016.

(7)

L Homer Account

Date	Narrative	Amount (£)	Date	Narrative	Amount (£)

- (d) Identify the source document Charlotte would use to record transactions in the following books of original entry.

(3)

Book	Source Document
Petty cash book	
Purchases book	
Purchases returns book	

(Total for Question 11 = 25 marks)



DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

BLANK PAGE
QUESTION 12 BEGINS ON THE NEXT PAGE.



12 On 30 September 2016 Ruslan's purchases ledger control account showed a credit balance of £5 530. On the same date the total creditors in the purchases ledger amounted to £4 890.

Following an investigation, Ruslan discovered the following errors and omissions.

1. The list of balances extracted from the purchases ledger omitted a balance of £290 owed to Anh.
2. Ruslan had purchased goods on credit from Sonh costing £420. These had been correctly entered in the purchases book but not posted to the account of Sonh.
3. A cash discount received from a supplier, £15, had been recorded correctly in the cash book but had been entered on the wrong side of the supplier's account.
4. An allowance for faulty goods received from a supplier, £40, had been correctly recorded in the purchases returns book but had not been posted to the supplier's account.

(a) Complete the table below to reconcile the total of the purchases ledger on 30 September 2016 with the balance of the purchase ledger control account.

(6)

	£
Total of purchases ledger balances	
Adjustment	
1	
2	
3	
4	
Purchases ledger control account balance	



DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

On 30 September 2016 the following balances were extracted from Ruslan's books.

	£
Machinery	5 000
Bank overdraft	2 382
Stock	4 238
Debtors	7 622
Creditors	5 530
Cash in hand	211
Provision for doubtful debts	600
Prepayments	250

(b) Prepare an extract from Ruslan's balance sheet as at 30 September 2016 showing his working capital.

(10)

Ruslan
Balance Sheet Extract
As at 30 September 2016

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....



(c) Using the figures calculated in (b), and stating the formula used, calculate each of the following ratios to two decimal places.

(i) Current ratio

(2)

Formula	Calculation

(ii) Acid test ratio

(2)

Formula	Calculation



13 Adam and Bob are in partnership. Their partnership agreement provides for Adam to receive a salary of £20 000 per annum.

(a) State **two** advantages of forming a partnership.

(2)

1

2

(b) Explain why it is advisable to maintain individual current accounts for each partner.

(2)

During the year ended 31 October 2016 Adam withdrew goods costing £2 490 and Bob withdrew cash of £ 3 100.

(c) Update the current accounts to show the partners' salaries and drawings for the year. It is not necessary to balance the accounts.

(2)

Current Accounts

Date	Narrative	Adam (£)	Bob (£)	Date	Narrative	Adam (£)	Bob (£)
2015 Nov 1	Balance b/f		235	2015 Nov 1	Balance b/f	2780	



DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

(d) State **two** other entries you may find in a partnership current account.

(2)

1

2

(e) Explain the meaning of the balance on Bob's current account on 1 November 2015.

(2)

.....

.....

.....

Adam and Bob are considering dissolving their partnership and forming a limited company.

(f) Evaluate this proposal and explain the implications for the partners of this change of business structure.

(5)

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

(Total for Question 13 = 15 marks)



Mihai Manufacturing sells all goods on credit, with debtors being allowed 30 days credit.
On 31 December 2016 total debtors were £56 515.

(c) Calculate the debtors' collection period. (2)

.....

.....

.....

(d) Explain the implications for the business of the debtors' collection period. (3)

.....

.....

.....

.....

.....

.....

.....

.....

.....

(e) Suggest **three** steps that Mihai Manufacturing could take to improve the debtors' collection period. (3)

1

.....

2

.....

3

.....

(Total for Question 14 = 15 marks)



15 (a) Explain the difference between writing off a bad debt and making a provision for doubtful debts.

(4)

.....

.....

.....

.....

.....

.....

.....

.....

(b) State which accounting concept is being applied when creating a provision for doubtful debts.

(1)

.....

On 1 July 2016 Cao was advised that Mayo, a debtor, had ceased trading owing them £580. Cao decides to write this off as a bad debt.

(c) Prepare the journal entry to record this write off. A narrative is **not** required.

(2)

Date	Account	Debit £	Credit £



DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

On 31 August 2016 Cao receives a cheque for £275 from Mayo in payment of the debt that had been written off on 1 July 2016.

- (d) Prepare the bad debts recovered account to record this transaction. Show the transfer to the financial statements at the year end of 31 December 2016.

(3)

Bad Debts Recovered Account

Date	Narrative	Amount (£)	Date	Narrative	Amount (£)

(Total for Question 15 = 10 marks)

TOTAL FOR SECTION B = 90 MARKS
TOTAL FOR PAPER = 100 MARKS



DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

BLANK PAGE

