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Please check the examination details below before entering your candidate information

Candidate surname	Other names

Pearson Edexcel International GCSE

Centre Number | Candidate Number

Time 1 hour 15 minutes

Paper reference **4AC1/02**

Accounting

Level 1/2
PAPER 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.
- Good luck with your examination.

Turn over ▶

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

1 Thomas, a manufacturer, provided the following information for the year ended 31 March 2021 after the preparation of the manufacturing account.

	1 April 2020 $	31 March 2021 $
Office equipment		
– Cost	25 000	25 000
– Accumulated depreciation	9 000	12 200
Plant and machinery		
– Cost	200 000	200 000
– Accumulated depreciation	72 000	97 600
Inventories		
– Raw materials	20 000	25 000
– Work in progress	12 000	11 000
– Finished goods	27 500	30 000
Provision for irrecoverable debts	2 500	3 000
Revenue		425 000
Production cost		300 000
Administrative expenses paid		45 000
Carriage outwards		2 745
Office rent paid		24 000
Other payables – office rent		3 000
Other receivables – administrative expenses		5 000
Trade receivables		60 000
Cash in hand		800

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(a) Prepare the income statement for the year ended 31 March 2021.

(11)

Thomas
Income statement for the year ended 31 March 2021

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(b) Prepare **an extract** of the statement of financial position at 31 March 2021 showing the **Assets** section only.

(9)

Thomas
Statement of financial position at 31 March 2021

Assets

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Thomas provided the following ratios for the years ended 31 March 2020 and 31 March 2021.

Ratio	2020	2021
Current (working capital)	1.8:1	2.2:1
Liquid (acid test)	0.8:1	1.2:1

Thomas stated that his liquidity position has improved.

(c) Evaluate whether liquidity has improved.

(5)

(Total for Question 1 = 25 marks)

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2 (a) State **one** advantage and **one** disadvantage of forming a partnership.

(2)

Advantage

.....

.....

Disadvantage

.....

.....

Able and Beena are in partnership sharing profits and losses in the ratio 3:1.

The partnership agreement also provided for:

- interest on capital at 8% per annum
- interest on drawings at 10% per annum
- an annual salary of $7 200 for Beena.

The following information was available at 1 May 2020

Account	**Able $**	**Beena $**
Capital	75 000	25 000
Current	1 500	2 750 Dr

For the year ended 30 April 2021 profit for the year was $26 550 and total drawings were Able $16 000, Beena $10 500

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(b) Prepare the appropriation account for the year ended 30 April 2021.

(8)

Able and Beena
Appropriation account for the year ended 30 April 2021

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(c) Prepare Beena's current account for the year ended 30 April 2021. Balance the account on that date and bring the balance down on 1 May 2021.

(6)

Current Account – Beena

Date	Details	$	Date	Details	$

(d) State **one** reason why a partner may have a debit balance in their current account.

(1)

.....

.....

(e) State, indicating with a tick (✓), the effect, if any, each transaction would have on a partnership's profit for the year.

(3)

Transaction	Increase	Decrease	No effect
A partner withdraws goods for their own use.			
A partner purchases stationery for the business from their own monies.			
A partner introduces capital into the business.			

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(f) Explain why a partnership:

(i) charges interest on drawings

(3)

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(ii) allows interest on capital.

(2)

.....

.....

(Total for Question 2 = 25 marks)

TOTAL FOR PAPER = 50 MARKS

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