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Candidate surname	Other names

Centre Number | Candidate Number

Pearson Edexcel International GCSE

Time 2 hours

Paper reference **4AC1/01**

Accounting

Level 1/2
PAPER 1: Introduction to Bookkeeping and Accounting

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 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.*

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 ▶

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SECTION A

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

For questions 1–10, choose an answer A, B, C or D, and put a cross in the 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 Identify which statement is **incorrect**.

☒ **A** Assets = liabilities + equity

☒ **B** Equity = assets – liabilities

☒ **C** Equity – liabilities = assets

☒ **D** Liabilities = assets – equity

(Total for Question 1 = 1 mark)

2 Identify which of these accounts **always** has a credit balance.

☒ **A** Carriage inwards

☒ **B** Carriage outwards

☒ **C** Discount allowed

☒ **D** Discount received

(Total for Question 2 = 1 mark)

3 Identify which is a reason for offering a cash discount.

☒ **A** Paying in cash

☒ **B** Paying promptly

☒ **C** Purchasing in bulk

☒ **D** Regular customer

(Total for Question 3 = 1 mark)

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4 Inventory should be valued at the lower of cost and net realisable value.

Identify which accounting concept this is an application of.

- ☒ **A** Accruals
- ☒ **B** Consistency
- ☒ **C** Money measurement
- ☒ **D** Prudence

(Total for Question 4 = 1 mark)

5 Identify which is not a principle of professional ethics.

- ☒ **A** Confidentiality
- ☒ **B** Integrity
- ☒ **C** Materiality
- ☒ **D** Objectivity

(Total for Question 5 = 1 mark)

6 Identify which item should be entered on the credit side of the trade payables ledger control account.

- ☒ **A** Cash purchases
- ☒ **B** Credit purchases
- ☒ **C** Discounts received
- ☒ **D** Returns outwards

(Total for Question 6 = 1 mark)

7 Identify why a business depreciates a non-current asset.

- ☒ **A** To know the profit or loss on disposal
- ☒ **B** To know the value at the end of its useful life
- ☒ **C** To provide cash for its replacement
- ☒ **D** To spread the cost over its expected useful life

(Total for Question 7 = 1 mark)

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8 Returns inwards, $150, was posted to the credit of returns outwards.

Identify how this transaction would be corrected in the books of account.

		Account to be debited	Account to be credited
☒	**A**	Returns inwards $150 Returns outwards $150	Suspense account $300
☒	**B**	Suspense account $300	Returns inwards $150 Returns outwards $150
☒	**C**	Returns inwards $150	Suspense account $150
☒	**D**	Returns outwards $150	Suspense account $150

(Total for Question 8 = 1 mark)

9 Identify which error would be disclosed by the preparation of a trial balance.

☒ **A** Credit sales, $500, entered on both sides of the ledger as $50

☒ **B** Discount allowed, $60, posted to the credit side of the discount allowed account

☒ **C** Purchases account and sales account both overcast by $650

☒ **D** Purchases on credit, $290, omitted from the books

(Total for Question 9 = 1 mark)

10 Identify how income received in advance would be shown in the statement of financial position.

☒ **A** Current assets – Other payables

☒ **B** Current assets – Other receivables

☒ **C** Current liabilities – Other payables

☒ **D** Current liabilities – Other receivables

(Total for Question 10 = 1 mark)

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11 Complete the document where indicated.

(5)

Invoice **Jaydey Ltd** **Langton Drive** **Hull** **HU2 4HY**			
Pharlap Trading Main Street York YO1 6HS		Invoice No 67025	
		Date 18 August 2022	
Quantity	Description	Unit cost $	Total cost $
8	Bookcases	28.00	.....
24	Table lamps	6.50	.....
Subtotal			.....
Trade discount 20%			.....
Total			.....

(Total for Question 11 = 5 marks)

12 Complete the table to show the book of original entry for **each** transaction.

(5)

Transaction	**Book of original entry**
Purchase of a non-current asset on credit	
Receipt from customer by credit transfer	
Return of goods to a credit supplier	
Sale of goods on credit	
Small cash payment to window cleaner	

(Total for Question 12 = 5 marks)

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13 On 1 September 2022 Omar owed Reece, a credit supplier, $840

During the month of September 2022, the following transactions between Omar and Reece took place.

September 2022	Transaction
5	Purchased goods, $640
17	Returned goods, $190
28	Paid in full the balance owing at 1 September 2022

Prepare the account of Reece for the month ended 30 September 2022. Balance the account on that date and bring the balance down on 1 October 2022

(5)

Reece Account

Date 2022	Details	$	Date 2022	Details	$

(Total for Question 13 = 5 marks)

TOTAL FOR SECTION A = 25 MARKS

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SECTION B

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

14 Beth provided the following information for the month ended 31 October 2022

	$
At 1 October 2022	
Trade receivables ledger balances	68 480
For the month of October 2022	
Cash sales	8 435
Contra/set off trade payables ledger	558
Credit sales	56 346
Customer's cheque dishonoured	345
Discount allowed	412
Discount received	539
Irrecoverable debts	260
Receipts from credit customers	60 940
Returns inwards	1 224
Returns outwards	922
At 31 October 2022	
Trade receivables ledger credit balances	156
Trade receivables ledger debit balances	**To be calculated**

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(a) Prepare the trade receivables ledger control account for the month ended 31 October 2022. Balance the account on this date and bring the balances down on 1 November 2022.

(10)

Trade Receivables Ledger Control Account

Date	Details	$	Date	Details	$

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Beth is concerned about the time she is taking to prepare the trade receivables ledger control account.

(b) Explain to Beth the benefits of maintaining a trade receivables ledger control account.

(5)

(Total for Question 14 = 15 marks)

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15 (a) Complete the corrected trial balance.

(10)

Trial Balance at 30 September 2022

	Draft trial balance		Corrected trial balance	
Account	**Debit $**	**Credit $**	**Debit $**	**Credit $**
Bank overdraft		4 250		
Carriage inwards		480		
Discount allowed	370			
Drawings		8 300		
Equity		17 800		
General expenses	14 350			
Inventory 1 October 2021		7 200		
Irrecoverable debts		390		
Loan to employee	100			
Motor vehicle – cost	22 300			
Motor vehicle – provision for depreciation		13 380		
Premises	44 000			
Purchases	64 380			
Rent received	480			
Returns inwards		550		
Revenue		124 800		
Trade payables		8 420		
Trade receivables	6 710			
Total				

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(b) Explain what is indicated if both totals of a trial balance are the same.

(2)

.....

.....

.....

.....

(c) (i) State **one** difference between an error of **commission** and an error of **principle**.

(2)

.....

.....

.....

.....

(ii) State **one** other type of error that does **not** affect the balancing of the trial balance.

(1)

.....

(Total for Question 15 = 15 marks)

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16 (a) State **two** benefits of maintaining a petty cash book.

(2)

1 .....

2 .....

Sven maintains a petty cash book with a float of $150

The following transactions took place during August 2022.

August	Voucher number	Transaction	$
5	1201	Paid employee's travel expenses	14.00
12	1202	Purchased postage stamps	26.80
16	1203	Paid Fabrizi, a credit supplier	30.00
19	1204	Paid parcel post	45.00
24	1205	Paid taxi fare	9.60
31		Restored the petty cash float	**To be calculated**

(b) Prepare the petty cash book for the month ended 31 August 2022.

Balance the petty cash book on that date and bring the balance down on 1 September 2022.

(9)

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Petty Cash Book

Receipts $	Date 2022	Details	Voucher number	Total $	Travel $	Postage $	Ledger $

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(c) (i) State whether the imprest amount restored would be shown on the debit side or the credit side of the main cash book.

(1)

.....

(ii) State where in the statement of financial position the petty cash book balance on 1 September 2022 will be shown.

(1)

.....

(iii) State **two** reasons why the balance in the petty cash book may be different to the amount in the petty cash box.

(2)

1 .....

2 .....

(Total for Question 16 = 15 marks)

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17 Carson depreciates his computer equipment using the straight line method at 20% per annum. A full year's depreciation is charged in the year of purchase but none in the year of disposal.

On 1 September 2021 the balances were:

Computer equipment – cost	$16 800
Computer equipment – provision for depreciation	$ 9 200

On 1 May 2022, computer equipment originally purchased on 1 March 2020 for $3 600, was sold for $1 950

(a) Prepare the following accounts for the year ended 31 August 2022.

(9)

Computer Equipment – Provision for Depreciation Account

Date	Details	$	Date	Details	$

Disposal Account

Date	Details	$	Date	Details	$

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(b) Define the following terms, giving an example of each.

(4)

Term	Definition	Example
Capital expenditure		
Revenue expenditure		

(c) State **two** ways Carson could maintain the security of his computerised data.

(2)

1 .....

2 .....

(Total for Question 17 = 15 marks)

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18 On 30 September 2022 the bank column of Sam's cash book showed a balance of $2 640 Dr which did not agree with his bank statement balance of $4 079 Cr on the same date.

He discovered the following differences.

- A direct debit, $148, had been entered in the cash book as $184 and bank charges, $182, had not been entered in the cash book.
- A cheque received, $260, and cheques issued totalling $1 845 had been entered in the cash book but had not yet been processed by the bank

(a) Calculate the updated bank balance in Sam's cash book at 30 September 2022.

(3)

.....

.....

.....

.....

(b) Prepare the bank reconciliation statement at 30 September 2022.

(5)

Sam
Bank reconciliation statement at 30 September 2022

	$
Updated bank balance per cash book	

(c) State **two** features of a direct debit.

(2)

1 .....

2 .....

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Sam currently maintains only a cash book to record his business transactions. He has decided that he should maintain a full set of accounting records in the future.

(d) Evaluate **two** benefits to Sam of maintaining a full set of accounting records.

(5)

(Total for Question 18 = 15 marks)

TOTAL FOR SECTION B = 75 MARKS
TOTAL FOR PAPER = 100 MARKS

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