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Please check the examination details below before entering your candidate infor on

Candidate surname | Other names

Centre Number | Candidate Number

Pearson Edexcel International GCSE

Monday 5 June 2023

Afternoon (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.

Turn over ▶

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

1 (a) Explain the difference between the three types of inventories: raw materials, work in progress and finished goods.

(3)

Dingle provided the following information for the year ended 31 January 2023.

	1 February 2022 $	**31 January 2023 $**
Factory machinery		
– cost	89 000	128 000
– provision for depreciation	40 500	**To be calculated**
Office equipment		
– cost	36 000	36 000
– provision for depreciation	9 000	**To be calculated**
Inventory		
– raw materials	21 200	23 600
– work in progress	19 100	18 400
– finished goods	23 000	31 750

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	31 January 2023 **$**
Other payables – factory power	3 300
Other receivables – factory supervisor's wages	830
Factory power paid	38 200
General expenses	36 000
Insurance	7 800
Purchases of raw materials	198 045
Rent	46 000
Revenue	729 595
Royalties	41 300
Wages paid – production staff – factory supervisor – administration staff	 89 700 24 000 16 590

Rent and insurance are apportioned 80% to the factory and 20% to administration.

General expenses are apportioned 90% to the factory and 10% to administration.

Depreciation is charged on:

- factory machinery at 15% per annum using the straight line method
- office equipment at 25% per annum using the reducing balance method.

A full year's depreciation is charged in the year of purchase.

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(b) Prepare the manufacturing account for the year ended 31 January 2023.

Dingle
Manufacturing account for the year ended 31 January 2023

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(c) Prepare the income statement for the year ended 31 January 2023.

Dingle
Income statement for the year ended 31 January 2023

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(d) Explain why a manufacturer may purchase finished goods.

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(Total for Question 1 = 25 marks)

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2 (a) Explain why it is advisable to draw up a partnership agreement when forming new partnership.

(

Joan and Lewis are in partnership sharing profits and losses equally.

The partnership agreement provides for:

- interest of 8% per annum on opening capital balances
- an annual salary of $17 000 for Lewis
- interest of 5% per annum on total drawings
- interest of 6% per annum on partnership loans.

(b) Explain **one** reason why a partner may decide to provide a loan to the partnership rather than investing more capital.

(2)

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The partners provided the following information.

At 1 January 2022	$
Capital account Joan Lewis	 85 000 75 000
Current account Joan Lewis	 2 760 3 900
Partnership loan Lewis	 10 000
At 31 December 2022	
Cash drawings Joan Lewis	 5 000 7 000

The draft profit for the year ended 31 December 2022 was $56 800 before adjusting for the following errors and omissions.

- Lewis's annual salary had been included in staff salaries.
- Goods taken by Joan for her own use $1 000
- Interest on the partnership loan.

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(c) Prepare the appropriation account for the year ended 31 December 2022.

Joan and Lewis
Appropriation account for the year ended 31 December 2022

	$	$
Draft profit for the year		**56 800**
Adjusted profit for the year		

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(d) Prepare the current account of Lewis for the year ended 31 December 2022.
Balance the account on this date and bring the balance down on 1 January 2023.

Current Account – Lewis

Date	Details	$	Date	Details	$

(Total for Question 2 = 25 marks)

TOTAL FOR PAPER = 50 MARKS

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