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| Candidate surname | Other names |
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| | |

Centre Number | Candidate Number

# Pearson Edexcel International GCSE

## Thursday 2 November 2023

Morning (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. 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 what a debit balance of $100 in a cash account represents.

- ☒ **A** Cash had been overspent by $100
- ☒ **B** Cash in hand was $100
- ☒ **C** Total cash paid out was $100
- ☒ **D** Total cash received was less than $100

**(Total for Question 1 = 1 mark)**

**2** Identify the reason for offering a cash discount.

- ☒ **A** To encourage bulk buying
- ☒ **B** To encourage prompt payment
- ☒ **C** To gain new customers
- ☒ **D** To reward loyalty

**(Total for Question 2 = 1 mark)**

**3** Identify which transaction would be entered in both the payables ledger and the general ledger.

- ☒ **A** Purchase of goods for cash
- ☒ **B** Purchase of equipment by cheque
- ☒ **C** Return of goods to a credit customer
- ☒ **D** Return of goods to a credit supplier

**(Total for Question 3 = 1 mark)**

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**4** Identify which transaction would **not** be entered in a business's cash book.

- ☒ **A** Purchase of goods by cheque
- ☒ **B** Purchase of goods for cash
- ☒ **C** Purchase of machinery on credit
- ☒ **D** Purchase of machinery by credit transfer

**(Total for Question 4 = 1 mark)**

**5** Identify the book of original entry that is also part of the double entry system.

- ☒ **A** Cash book
- ☒ **B** Petty cash book
- ☒ **C** Purchases day book
- ☒ **D** Purchases returns day book

**(Total for Question 5 = 1 mark)**

**6** Identify which **one** of the following would be entered on the **credit** side of the equity account.

- ☒ **A** Cash drawings
- ☒ **B** Goods taken for own use
- ☒ **C** Loss for the year
- ☒ **D** Profit for the year

**(Total for Question 6 = 1 mark)**

**7** Identify which characteristic describes a public sector organisation.

- ☒ **A** Exists to make a profit
- ☒ **B** Exists to serve the community
- ☒ **C** Owned by a sole trader
- ☒ **D** Owned by a partnership

**(Total for Question 7 = 1 mark)**

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**8** Identify the professional ethic being described.

'An accountant's knowledge must be at an appropriate level.'

- ☒ **A** Confidentiality
- ☒ **B** Integrity
- ☒ **C** Objectivity
- ☒ **D** Professional competence

**(Total for Question 8 = 1 mark)**

**9** Identify the accounting concept of which the recording of other payables and receivables is an application.

- ☒ **A** Accruals
- ☒ **B** Business entity
- ☒ **C** Money measurement
- ☒ **D** Prudence

**(Total for Question 9 = 1 mark)**

**10** Identify the accounting concept being applied when a trader always uses the same method of depreciation.

- ☒ **A** Accruals
- ☒ **B** Business entity
- ☒ **C** Consistency
- ☒ **D** Materiality

**(Total for Question 10 = 1 mark)**

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**11** Complete the document.

**Credit note**

**Crew Warehouse**
**Western Road**
**Glasgow**
**G3 9AB**

| | |
|---|---|
| KP Wholesalers<br>Elland Road<br>Leeds<br>LS1 1BB | No: 1816 |
| | Date: 12 April 2023 |

| Description | Quantity | Unit cost $ | Total cost $ |
|---|---|---|---|
| Lights | 60 | 37.40 | |
| Tyres | 85 | 41.20 | |
| Subtotal | | | |
| Trade discount 20% | | | |
| Total | | | |

**(Total for Question 11 = 5 marks)**

**12** Identify, indicating with a tick (✓), on which side of a trial balance **each** would be shown.

| Account | Debit | Credit |
|---|---|---|
| Carriage inwards | | |
| Carriage outwards | | |
| Equity | | |
| Other receivables | | |
| Other payables | | |

**(Total for Question 12 = 5 marks)**

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**13** On 30 September 2023 Roberto received the following document.

**Williams**
Barlow Street Manchester M60 3YY

Roberto
Sesame Street
Leeds
LS3 3BB

Date: 30 September 2023

| Date Sept 2023 | Reference | Debit $ | Credit $ | Balance $ |
|---|---|---|---|---|
| 1 | Balance | 2560 | | 2560 |
| 5 | Sales | 2390 | | 4950 |
| 14 | Sales returns | | 80 | 4870 |
| 24 | Payment received | | 1365 | 3505 |
| 24 | Discount | | 35 | 3470 |
| 30 | Balance | | | 3470 |
| | | | Amount due | 3470 |

(a) State the name of the document.

**(1)**

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(b) State **one** reason why this document was issued.

**(1)**

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(c) State the name of the:

**(2)**

customer

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supplier.

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(d) Calculate the percentage rate of discount on 24 September 2023.

**(1)**

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**(Total for Question 13 = 5 marks)**

**TOTAL FOR SECTION A = 25 MARKS**

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## SECTION B

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

**14** (a) State the source document and book of original entry for **each** transaction.

**(8)**

| Transaction | Source document | Book of original entry |
|---|---|---|
| Paid credit supplier by cheque | | |
| Purchased goods on credit | | |
| Returned faulty goods to credit supplier | | |
| Purchased non-current asset on credit | | |

On 1 April 2023 Magnusson owed Tina, a credit supplier, $750

The following transactions took place between them during April 2023.

| April | Transaction |
|---|---|
| 4 | Paid the balance at 1 April 2023 by cheque after deducting a 2% cash discount. |
| 12 | Purchased goods on credit, $2 120 |
| 22 | Returned faulty goods, $130 |

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(b) Prepare the account of Tina. Balance the account on 30 April 2023 and bring the balance down on 1 May 2023.

**(6)**

**Tina Account**

| Date 2023 | Details | $ | Date 2023 | Details | $ |
|---|---|---|---|---|---|
| | | | | | |
| | | | | | |
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(c) State **one** reason why a supplier's account could have a debit balance.

**(1)**

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**(Total for Question 14 = 15 marks)**

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**15** On 31 August 2023 Jones, a sole trader, identified the following errors and omissions.

1. A withdrawal of cash for personal use, $650, had not been recorded.
2. A payment for motor expenses, $234, had been posted to the motor vehicles account.
3. A cheque paid for general expenses, $65, had been entered in the cash book as $56

(a) Prepare journal entries to record the correction of **each** of these errors and omissions.
Narratives are not required.

**(6)**

| | **Account** | **Debit $** | **Credit $** |
|---|---|---|---|
| August 31 | | | |
| | | | |
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(b) Identify, indicating with a tick (✓), the effect, if any, on the profit for the year ended 31 August 2023 following the correction of **each** error and omission.

**(3)**

| Error | Increase | Decrease | No effect |
|---|---|---|---|
| 1 | | | |
| 2 | | | |
| 3 | | | |

(c) State which account is opened when a trial balance does not balance.

**(1)**

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(d) (i) Explain **one** benefit of preparing a trial balance.

**(2)**

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(ii) Explain **one** limitation of preparing a trial balance.

**(3)**

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**(Total for Question 15 = 15 marks)**

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**16** Vijul provided the following information for the year ended 31 March 2023.

| | **$** |
|---|---|
| Trade receivables ledger control account balance at 1 April 2022 | 19 900 |
| Trade receivables ledger control account balance at 31 March 2023 | **To be calculated** |
| Cash sales | 1 444 |
| Credit sales | 198 301 |
| Customer cheque dishonoured | 210 |
| Contra/set off to trade payables ledger | 1 325 |
| Discount allowed | 1 274 |
| Discount received | 1 306 |
| Irrecoverable debts | 350 |
| Receipts from credit customers | 196 612 |
| Returns inwards | 570 |
| Returns outwards | 682 |

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(a) Prepare the trade receivables ledger control account for the year ended 31 March 2023.
Balance the account on this date and bring the balance down on 1 April 2023.

**(10)**

**Trade Receivables Ledger Control Account**

| Date | Details | $ | Date | Details | $ |
|---|---|---|---|---|---|
| | | | | | |
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Vijul maintains a provision for irrecoverable debts at 5% of trade receivables.

(b) Prepare the provision for irrecoverable debts account for the year ended 31 March 2023 showing the transfer to the income statement.

**(3)**

**Provision for Irrecoverable Debts Account**

| Date | Details | $ | Date | Details | $ |
|---|---|---|---|---|---|
| | | | | | |
| | | | | | |
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(c) State **two** ways in which Vijul can encourage his credit customers to pay their accounts promptly.

**(2)**

1 .....

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2 .....

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**(Total for Question 16 = 15 marks)**

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**17** (a) State **one** benefit of preparing a bank reconciliation statement.

**(1)**

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On 31 March 2023 Waan identified that the following transactions had not yet been entered in the cash book.

- Cash banked, $350
- Cheque to restore petty cash, $75
- Bank interest received, $8
- Standing order for rent, $300

(b) (i) Prepare the updated cash book on 31 March 2023 and bring the balance down on 1 April 2023.

**(5)**

**Cash Book – Bank Column**

| Date 2023 | Details | $ | Date 2023 | Details | $ |
|---|---|---|---|---|---|
| March 31 | Balance b/d | 1 100 | | | |
| | | | | | |
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On 31 March 2023 Waan's bank statement showed a credit balance of $528

She identified that the following had not been processed by the bank.

- Unpresented cheques, $215
- Outstanding lodgements, $770

(ii) Prepare a bank reconciliation statement at 31 March 2023.

**(5)**

**Waan**
**Bank Reconciliation Statement at 31 March 2023**

| | **$** |
|---|---|
| Updated cash book balance | |
| | |
| | |
| | |

(c) State **two** characteristics of **each** method of payment.

(i) Standing order

**(2)**

1 .....

.....

2 .....

.....

(ii) Direct debit

**(2)**

1 .....

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2 .....

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**(Total for Question 17 = 15 marks)**

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**18** (a) Explain **one** reason why it is necessary to provide for depreciation on non-current assets.

**(2)**

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On 1 January 2022 the balance on the motor vehicles cost account was $76 600

On 1 March 2022 a motor vehicle was sold for $12 000, payment being received by cheque. This motor vehicle was originally purchased on 1 January 2020 for $18 000

On 1 June 2022 a new motor vehicle was purchased costing $21 500, paid for by cheque.

Motor vehicles are depreciated at 25% per annum using the reducing balance method. A full year's depreciation is charged in the year of purchase but none in the year of disposal.

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(b) Prepare the following accounts for the year ended 31 December 2022.

**(9)**

**Motor Vehicles – Cost Account**

| Date | Details | $ | Date | Details | $ |
|---|---|---|---|---|---|
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |

**Disposal Account**

| Date | Details | $ | Date | Details | $ |
|---|---|---|---|---|---|
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(c) (i) Identify, indicating with a tick (✓), the effect on gross profit if the purchase of the new vehicle was treated as revenue expenditure.

**(1)**

| | |
|---|---|
| Overstated | |
| Understated | |
| No effect | |

(ii) Explain why the purchase of the new motor vehicle was treated as capital expenditure.

**(3)**

**(Total for Question 18 = 15 marks)**

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

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