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Please check the examination details below before entering your candidate information

Candidate surname	Other names

Centre Number | Candidate Number

Pearson Edexcel International GCSE

Monday 20 November 2023

Morning (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 Yola, a manufacturer, provided the following information for the year ended 31 March 2023.

	1 April 2022 $	31 March 2023 $
Inventory – raw materials – work in progress – finished goods	 12 980 12 340 20 100	 19 170 11 170 37 800
Carriage inwards		1 610
Carriage outwards		2 390
Electricity		15 000
Factory rent paid		69 800
Insurance		8 000
Other payables – factory supervisor		350
Other receivables – factory rent		12 400
Production machinery – cost – provision for depreciation		 206 500 81 000
Purchases – raw materials		186 500
Revenue		827 500
Royalties		12 000
Wages paid – production – factory supervisor – administration		 95 600 37 400 21 500

Production machinery is depreciated at 20% per annum using the reducing balance method. A full year's depreciation is charged in the year of purchase.

Electricity and insurance are apportioned 70% to the factory and 30% to administration.

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(a) Prepare, for the year ended 31 March 2023, the:

(i) manufacturing account

(11)

Yola
Manufacturing Account for the year ended 31 March 2023

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(ii) income statement.

(9)

Yola
Income Statement for the year ended 31 March 2023

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On 1 April 2022 Yola's current (working capital) ratio was 1.8 : 1

On 31 March 2023 the ratio had fallen to 1.1 : 1

(b) (i) Evaluate the change in the current (working capital) ratio over the year.

(2)

(ii) Explain **one** way Yola can improve her working capital position.

(3)

(Total for Question 1 = 25 marks)

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2 Ed, a sole trader, provided the following information.

Balance at 1 May 2022	**$**
Fixtures and fittings – cost – provision for depreciation	 123 500 55 575
Bank	1 680
Inventory	25 500
Other payables	1 400
Trade receivables	76 000
Trade payables	25 100

(a) Calculate the equity at 1 May 2022.

(3)

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Balance at 30 April 2023	**$**
Fixtures and fittings – cost – provision for depreciation	 275 000 96 825
Bank	2 650 Cr
Bank loan (2030)	75 000
Inventory	17 600
Other payables	1 900
Trade receivables	86 500
Trade payables	18 540

During the year ended 30 April 2023 Ed took cash of $6 090 for his own use.

Profit for the year ended 30 April 2023 was $45 670 before:

- writing off an irrecoverable debt of $1 000
- creating a provision for irrecoverable debts of 2% of trade receivables.

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(b) Prepare the statement of financial position at 30 April 2023.

(17)

Ed
Statement of Financial Position at 30 April 2023

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Ed is considering investing in a computerised accounting package.

(c) Evaluate the **disadvantages** of this proposal.

(5)

(Total for Question 2 = 25 marks)

TOTAL FOR PAPER = 50 MARKS

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