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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

Wednesday 15 May 2024

Afternoon (Time: 2 hours)

Paper reference **4AC1/01R**

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 where the account of a credit supplier is maintained.

- ☒ **A** General journal
- ☒ **B** General ledger
- ☒ **C** Payables ledger
- ☒ **D** Receivables ledger

(Total for Question 1 = 1 mark)

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2 Identify where discount allowed is initially recorded.

- ☒ **A** Cash book
- ☒ **B** General journal
- ☒ **C** General ledger
- ☒ **D** Purchases journal

(Total for Question 2 = 1 mark)

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3 Identify what an opening credit balance of $1 500 in a business bank account represents.

- ☒ **A** Business has an overdraft of $1 500
- ☒ **B** Business has $1 500 in the bank
- ☒ **C** Owner's equity is $1 500
- ☒ **D** Owner's equity is $3 000

(Total for Question 3 = 1 mark)

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4 Identify when a cash discount is given.

- ☒ **A** Payment is made by cash only
- ☐ **B** Payment is made by cash or cheque
- ☐ **C** Payment is made within an agreed time period
- ☐ **D** Payment is made after an agreed time period

(Total for Question 4 = 1 mark)

5 Identify which transaction would be recorded in the receivables ledger.

- ☐ **A** Sale of a non-current asset on credit
- ☐ **B** Sale of goods on credit
- ☐ **C** Sale of a non-current asset for cash
- ☐ **D** Sale of goods for cash

(Total for Question 5 = 1 mark)

6 Identify which account would **always** be shown on the credit side of a trial balance.

- ☐ **A** Bank
- ☐ **B** Drawings
- ☐ **C** Equity
- ☐ **D** Petty cash

(Total for Question 6 = 1 mark)

7 Identify which statement describes the imprest system of petty cash.

- ☐ **A** The chief cashier has to authorise every payment of petty cash
- ☐ **B** The chief cashier regularly monitors the work of the petty cashier
- ☐ **C** The petty cashier requests money from the chief cashier as required
- ☐ **D** The petty cashier always starts each period with the same amount of money

(Total for Question 7 = 1 mark)

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8 Identify where the total of postage costs recorded in the petty cash book is posted.

- ☒ **A** Credit side of the cash book
- ☒ **B** Credit side of the postages account
- ☒ **C** Debit side of the cash book
- ☒ **D** Debit side of the postages account

(Total for Question 8 = 1 mark)

9 Identify which accounting concept is described in the statement 'the business is treated as being completely separate from the owner of the business'.

- ☒ **A** Business entity
- ☒ **B** Going concern
- ☒ **C** Materiality
- ☒ **D** Prudence

(Total for Question 9 = 1 mark)

10 Identify when a provision for irrecoverable debts should be created.

- ☒ **A** When irrecoverable debts are written off
- ☒ **B** When a trader ceases trading
- ☒ **C** When a trader is bankrupt
- ☒ **D** When assessing the chances of irrecoverable debts

(Total for Question 10 = 1 mark)

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11 On 31 March 2024 Pedal Bikes sold 10 bicycles, list price $200 each, on credit to Bike Town. All customers receive a trade discount of 10%.

On the same day the incorrect invoice below was prepared.

Invoice

Pedal Bikes
High Road
Rugby
CV21 3TY

Bike Town Walker Way Solihull B14 4FT	No: 1123		
	Date: 1 March 2024		
Description	**Quantity**	**Unit cost $**	**Total cost $**
Bicycles	8	170	1 360
Trade discount			136
Total			1 498

Prepare the corrected invoice.

Invoice

Pedal Bikes
High Road
Rugby
CV21 3TY

Bike Town Walker Way Solihull B14 4FT	No: 1123		
	Date:		
Description	**Quantity**	**Unit cost $**	**Total cost $**
Bicycles			
Trade discount			
Total			

(Total for Question 11 = 5 marks)

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12 George is in business selling computer equipment.

During April 2024 the following transactions with suppliers took place.

April	Transaction
10	Purchased goods at list price $1 000 less 20% trade discount from White.
17	Purchased goods at list price $750 from Black.
22	Purchased goods at list price $3 000 less 10% trade discount from Green.
28	Returned goods list price $200 to White. These goods were from the batch received on April 10

Prepare the purchases day book and the purchases returns day book for April 2024.
Total each book at the end of the month.

Purchases Day Book		
Date	**Supplier**	**$**

Purchases Returns Day Book		
Date	Supplier	$

(Total for Question 12 = 5 marks)

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13 (a) State the name of the book of original entry used to record an irrecoverable debt written off.

(1)

.....

(b) State the double entry to record the following transactions:

(i) the writing off of an irrecoverable debt

(2)

Account to be debited	Account to be credited

(ii) the creation of a provision for irrecoverable debts.

(2)

Account to be debited	Account to be credited

(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 **two** reasons why a business may offer a trade discount to customers.

(2)

1 .....

2 .....

Moore is a wholesaler who sells goods on a credit basis to several local retailers.

All his credit customers receive a 10% trade discount.

On 1 March 2024 the following balances were due from his credit customers.

Customer	$
Park Stores	400
Green News	1 256
Mary's Sweets	176

During the month of March 2024, the following transactions took place.

March 2024	Transaction
3	Sold goods on credit to Park Stores, list price $120
7	Green News returned goods, list price $50
11	Received a cheque from Mary's Sweets in settlement of her account balance on 1 March 2024.
18	Sold goods on credit to Green News, list price $280
28	Received a cheque from Green News in full settlement of its account.
29	Sold goods on credit to Park Stores, list price $280
30	Received a cheque from Park Stores on account, $500
30	The cheque received from Mary's Sweets on 11 March 2024 is returned by the bank as dishonoured.

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(b) Prepare the following ledger accounts in the books of Moore.

Balance the accounts on 31 March 2024 and bring the balances down on 1 April 2024.

(11)

Park Stores Account

Date	Details	$	Date	Details	$

Green News Account

Date	Details	$	Date	Details	$

Mary's Sweets Account

Date	Details	$	Date	Details	$

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Moore is considering offering cash discounts to his credit customers.

(c) State **two** benefits that this may bring to his business.

(2)

1 .....

.....

2 .....

.....

(Total for Question 14 = 15 marks)

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15 (a) State **two** purposes of a trial balance.

(2)

1 .....

.....

2 .....

.....

(b) State the name of the account that is opened if a trial balance does not balance.

(1)

.....

On 31 March 2024 Harum prepared a trial balance that did not agree.

An investigation revealed the following errors.

- A cash payment for stationery, $300, had been entered as $30
- No entries had been made for goods, cost $550, taken by Harum for his own use.
- The purchase of a new motor vehicle, $10 000, had been posted to the motor expenses account.
- A credit purchase, $85, from Son, had been credited to the account of Song.

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(c) Prepare journal entries to correct **each** error.
Narratives are required and must state the **type** of error involved.

(12)

Journal

Date	Account	Debit $	Credit $
31 March			

(Total for Question 15 = 15 marks)

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16 Jonas provided the following information for the month ended 31 March 2024.

	$
Trade receivables ledger control account balances at 1 March 2024	42 500 (Dr) 850 (Cr)
Cash sales	5 479
Discounts allowed	650
Discounts received	890
Dishonoured cheques	431
Receipts from credit customers	36 500
Refunds to credit customers	250
Returns inwards day book total	2 345
Sales day book total	51 260

On 31 March 2024 one credit customer had overpaid its balance by $1 200

(a) Prepare the trade receivables ledger control account for the month of March 2024. Balance the account and bring the balances down to 1 April 2024.

(10)

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Trade Receivables Ledger Control Account

Date	Details	$	Date	Details	$

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(b) Explain to Jonas **two** benefits to his business of maintaining a trade receivables ledger control account, advising him whether he should continue to do so.

(5)

(Total for Question 16 = 15 marks)

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17 At the close of business on 31 March 2024 the business bank account of Numan showed a debit balance of $3 145.53

On the same date he received a bank statement that showed a credit balance of $1 862.93

On investigation he identified the following reasons for the difference.

- Bank charges, $84, had not been recorded in the cash book.
- The bookkeeper had overcast the total of the debit entries in the cash book by $360
- The bank statement included a direct debit, $750, for rent that had not been recorded in the cash book.
- Cash takings, $1 234, banked on 31 March 2024, had not yet appeared on the bank statement.
- Two cheques sent to suppliers during March 2024 had not yet been presented for payment:
  - Cheque No: 110 Hope $321.95
  - Cheque No: 119 Crosbie $823.45

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(a) Prepare the updated cash book at 31 March 2024 and bring the balance down on 1 April 2024.

(5)

Cash Book – Bank Column Only

Date	Details	$	Date	Details	$

(b) Prepare a bank reconciliation statement at 31 March 2024.

(5)

Bank Reconciliation Statement at 31 March 2024

	$
Balance as per cash book	

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(c) Explain to Numan **two** benefits to his business of preparing a bank reconciliation statement each month, advising him whether he should continue to do so.

(5)

(Total for Question 17 = 15 marks)

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18 (a) State **two** factors that cause the value of non-current assets to depreciate.

(2)

1 .....

2 .....

(b) Define **each** of the following terms.

(4)

Capital expenditure

.....

.....

.....

.....

Revenue expenditure

.....

.....

.....

.....

On 1 January 2023 a trader owned a motor vehicle, cost $20 000, with depreciation to date of $8 000

(c) Calculate the depreciation charge for the year ended 31 December 2023 using the:

(i) straight line method of depreciation at 20% per annum

(1)

.....

(ii) reducing balance method of depreciation at 20% per annum.

(1)

.....

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On 1 January 2022 Wang purchased machinery at a cost of $60 000. He intended to use the machinery for five years and estimated that the machinery would have a scrap value of $10 000

(d) Prepare the machinery – provision for depreciation account for the years ended 31 December 2022 and 31 December 2023 using the **reducing balance** method of depreciation at a rate of 20% per annum.

(5)

Machinery – Provision for Depreciation Account

Date	Details	$	Date	Details	$

(e) Explain **one** reason why the accruals concept applies when depreciating non-current assets.

(2)

.....

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.....

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(Total for Question 18 = 15 marks)

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

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