www.dynamicpapers.com

Please check the examination details below before entering your candidate information

Candidate surname	Other names

Centre Number | Candidate Number

Pearson Edexcel International GCSE

Wednesday 12 June 2024

Afternoon (Time: 1 hour 15 minutes)

Paper reference **4AC1/02**

International GCSE in 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 ▶

P75839A

©2024 Pearson Education Ltd.

F:1/1/

P 7 5 8 3 9 A 0 1 1 2

Pearson

www.dynamicpapers.com

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

1 Ahmed and Malik are in partnership sharing profits and losses equally.

Their partnership agreement allows for interest on capital at 5% per annum and a partnership salary to Ahmed of $10 000 per annum.

The partners provided the following information for the year ended 31 March 2024.

Account	$
Capital accounts – Ahmed – Malik	50 000 30 000
Current accounts – Ahmed – Malik	4 500 8 600
Carriage inwards	645
Carriage outwards	1 300
Discount allowed	678
Discount received	663
Drawings – Ahmed – Malik	3 600 2 800
Motor expenses	1 854
Motor vehicles – cost	35 000
Motor vehicles – provision for depreciation	15 000
Opening inventory	12 260
Purchase returns	3 298
Purchases	86 321
Rent, rates and insurance	9 750
Revenue	192 000
Trade payables	23 921
Trade receivables	36 000
Wages and salaries	44 448

Additional information

- Closing inventory was valued at $14 265
- On 31 March 2024, rates, $500, were owing and insurance, $250, was paid in advance.
- Depreciation is charged on motor vehicles at 25% per annum using the reducing balance method.
- A provision for irrecoverable debts of 2% of trade receivables is to be created.

DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA

www.dynamicpapers.com

(a) (i) Prepare the income statement for the year ended 31 March 2024.

(15)

Ahmed and Malik
Income statement for the year ended 31 March 2024

DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA

www.dynamicpapers.com

(ii) Prepare the appropriation account for the year ended 31 March 2024.

(5)

Ahmed and Malik
Appropriation Account for the year ended 31 March 2024

DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA

www.dynamicpapers.com

DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA

The partners are considering introducing a third partner.

(b) Explain to the partners the advantages and disadvantages of this proposal, advising them whether they should proceed with the introduction of a third partner.

(5)

(Total for Question 1 = 25 marks)

www.dynamicpapers.com

2 On 1 January 2023, Thelma started in business by introducing cash of $5 000 and a motor vehicle valued at $12 000. On this day, she also took out a bank loan of $5 000 repayable in full on 31 December 2028.

(a) (i) Calculate the equity at 1 January 2023.

(1)

Thelma did not maintain a full set of accounting records but was able to provide the following information after her first year's trading.

Balances at 31 December 2023	**$**
Bank overdraft	2 198
Cash in hand	890
Inventory	14 568
Other receivables	200
Other payables	567
Trade receivables	2 167
Trade payables	2 325

During the year ended 31 December 2023:

- Thelma purchased an additional motor vehicle costing $10 000 that she funded from her own monies.
- All motor vehicles were depreciated by 20% per annum using the straight line method.
- A further bank loan, $3 000, was taken out. This was to be repaid in full on 30 June 2024.
- Thelma withdrew cash, $4 000, and goods costing $800

DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA

www.dynamicpapers.com

(ii) Prepare the statement of financial position at 31 December 2023.

(15)

Thelma
Statement of financial position at 31 December 2023

DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA

www.dynamicpapers.com

DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA

www.dynamicpapers.com

(b) Discuss **two** reasons why a business should maintain full accounting records.

(4)

DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA

www.dynamicpapers.com

On 31 December 2023, another trader, Louise, provided the following information.

31 December	Current ratio	Quick ratio (acid test)
2022	2.8:1	1.6:1
2023	1.2:1	0.8:1

(c) Evaluate the change in the liquidity of Louise's business over the two years and discuss the implications of this for the business's credit suppliers.

(5)

(Total for Question 2 = 25 marks)

TOTAL FOR PAPER = 50 MARKS

DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA

www.dynamicpapers.com

DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA

BLANK PAGE

www.dynamicpapers.com

BLANK PAGE

DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA