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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 (9–1)

Thursday 20 November 2025

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 On 30 September 2025 Joleene, a manufacturer, provided the following information.

	$
Factory machinery at 1 October 2024	
– Cost	280 000
– Provision for depreciation	100 800
Office equipment at 1 October 2024	
– Cost	50 000
– Provision for depreciation	18 000
Inventory at 1 October 2024	
– Raw materials	48 900
– Work-in-progress	23 100
– Finished goods	12 870
Inventory at 30 September 2025	
– Raw materials	54 320
– Work-in-progress	24 270
– Finished goods	10 850
Direct factory expenses	18 250
Indirect factory expenses	24 500
Insurance	32 000
Lighting and heating	50 000
Machinery repairs	1 880
Purchases of finished goods	11 930
Purchases of raw materials	134 020
Rent and rates	26 900
Returns inwards	32 100
Returns outwards (finished goods)	1 200
Returns outwards (raw materials)	4 500
Revenue	543 100
Transport costs	8 000
Wages and salaries	120 000

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Additional information at 30 September 2025

- Transport costs are apportioned 80% to purchases of raw materials and 20% to delivery of finished goods to customers.
- Non-current assets are depreciated at 20% per annum on a reducing balance basis. During the year there were no purchases or disposals of non-current assets.
- Wages and salaries include the factory supervisor's salary of $35 000. The remainder is to be apportioned 30% to direct labour, 35% to indirect labour and 35% to office administration.
- Both insurance and lighting and heating are apportioned equally between manufacturing and administration.
- Rent and rates included a payment of $2 000 for the month of October 2025.
- Rent and rates are apportioned 75% to manufacturing and 25% to administration.
- During the year Joleene took for her own use raw materials, $500, and finished goods, $750

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(a) Prepare for the year ended 30 September 2025:

(i) the manufacturing account

(15)

Joleene
Manufacturing account for the year ended 30 September 2025

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(ii) an income statement extract showing the **trading section** only.

(5)

Joleene
Income statement extract for the year ended 30 September 2025

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(b) Explain, referring to a relevant accounting concept, whether Joleene needs to maintain a record of any goods or cash withdrawn from the business for personal use.

(5)

(Total for Question 1 = 25 marks)

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2 On 31 March 2025 Taylor provided the following trial balance after the preparation of the trading account for the year.

Taylor
Trial balance at 31 March 2025

Account	**Debit $**	**Credit $**
Cash at bank		2 200
Cash in hand	1 120	
Drawings	50 000	
Equity		250 000
Fixtures and fittings – cost	50 000	
Fixtures and fittings – provision for depreciation		10 000
Gross profit		419 250
Lighting and heating	10 800	
Inventory	35 200	
Irrecoverable debts	250	
Land and buildings – cost	250 000	
Motor vehicles – cost	20 000	
Motor vehicles – provision for depreciation		7 200
Profit on disposal of motor vehicle		800
Provision for irrecoverable debts		750
Sundry expenses	39 630	
Trade payables		9 800
Trade receivables	12 000	
Wages and salaries	231 000	
	700 000	**700 000**

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Additional information at 31 March 2025

- The figure shown for wages and salaries covers the 11 months to 28 February 2025. Salaries for March 2025 are due and unpaid. There have been no salary increases or changes in staff over the past 12 months.
- Motor vehicles are to be depreciated by 20% using the reducing balance method.
- Fixtures and fittings are to be depreciated by 10% using the straight-line method.
- The provision for irrecoverable debts is to be maintained at 5% of trade receivables.

(a) Prepare an income statement extract showing the **profit and loss section** only.

(8)

Taylor
Income statement extract for the year ended 31 March 2025

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(b) Prepare a statement of financial position at 31 March 2025.

(12)

Taylor
Statement of financial position at 31 March 2025

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Taylor is considering changing his depreciation policy to allow for all non-current assets to be depreciated at the rate of 20% using the straight-line method.

(c) Advise, referring to **two** relevant accounting concepts, whether he should proceed with this change.

(5)

(Total for Question 2 = 25 marks)

TOTAL FOR PAPER = 50 MARKS

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