Please check the examination details below before entering your candidate information

Candidate surname	Other names

Centre Number | Candidate Number

Pearson Edexcel International GCSE

Monday 12 May 2025

Afternoon (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 Which business document shows the sales returns **and** payments made during a period?

- ☒ **A** Credit note
- ☒ **B** Debit note
- ☒ **C** Sales invoice
- ☒ **D** Statement of account

(Total for Question 1 = 1 mark)

2 Which account always has a credit balance?

- ☒ **A** Carriage inwards
- ☒ **B** Discount allowed
- ☒ **C** Discount received
- ☒ **D** Sales returns

(Total for Question 2 = 1 mark)

3 Which is an internal stakeholder?

- ☒ **A** Customer
- ☒ **B** Investor
- ☒ **C** Manager
- ☒ **D** Supplier

(Total for Question 3 = 1 mark)

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4 Which accounting concept is described in the statement:

"Accountants should always take a conservative figure so as not to overstate the profit."?

- ☒ **A** Accruals
- ☒ **B** Consistency
- ☒ **C** Materiality
- ☒ **D** Prudence

(Total for Question 4 = 1 mark)

5 Which statement is **incorrect**?

- ☒ **A** Assets = liabilities + equity
- ☒ **B** Equity = assets – liabilities
- ☒ **C** Equity – liabilities = assets
- ☒ **D** Liabilities = assets – equity

(Total for Question 5 = 1 mark)

6 Why does a business depreciate a non-current asset?

- ☒ **A** To know the profit or loss on disposal
- ☒ **B** To know the value at the end of its useful life
- ☒ **C** To provide cash for its replacement
- ☒ **D** To spread the cost over its useful life

(Total for Question 6 = 1 mark)

7 Which book of original entry in a trader's accounts will include a credit note sent by the trader?

- ☒ **A** Purchases day book
- ☒ **B** Purchases returns book
- ☒ **C** Sales day book
- ☒ **D** Sales returns book

(Total for Question 7 = 1 mark)

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8 Which is shown in the equity account?

- ☒ **A** Gross profit
- ☒ **B** Loss for the year
- ☒ **C** Loss on disposal
- ☒ **D** Profit on disposal

(Total for Question 8 = 1 mark)

9 The discount column on the debit side of a cash book totalled $950 and the discount column on the credit side of the cash book totalled $420

How much discount did the trader receive?

- ☒ **A** $420
- ☒ **B** $530
- ☒ **C** $950
- ☒ **D** $1370

(Total for Question 9 = 1 mark)

10 Which is a liability?

- ☒ **A** Irrecoverable debt recovered
- ☒ **B** Irrecoverable debt written off
- ☒ **C** Rental income received in advance
- ☒ **D** Rent payable paid in advance

(Total for Question 10 = 1 mark)

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11 Complete the table to show the book of original entry for **each** transaction.

An example has been provided.

Transaction	Book of original entry
Purchased postage stamps	*Petty cash book*
Sold goods to a credit customer	
Paid bank charges	
Returned goods to a credit supplier	
Purchased a non-current asset by cheque	
Withdrew goods for personal use	

(Total for Question 11 = 5 marks)

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

Balance	**Debit**	**Credit**
Carriage outwards		
Equity		
Mortgage		
Returns inwards		
Trade receivables control		

(Total for Question 12 = 5 marks)

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13 (a) State which accounting concept is being described.

(3)

Description	Accounting concept
Low-value items do not need separate recording.	
Only items that can be measured in money should be recorded in the business records.	
The business is treated as being completely separate from the owner of the business.	

(b) State which principle of professional ethics is being described.

(2)

Description	Principle of professional ethics
Accountants must be free from bias/conflict of interest.	
Accountants must operate in a straightforward/honest manner.	

(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** benefits to a business of offering a trade discount.

(2)

1 .....

2 .....

Mira owns a retail business. She maintains a full set of accounting records.

On 1 March 2025, the balances on Mira's trade receivables ledger were Alicia, $1 440, and BZ Traders, $458

Mira allows Alicia a 10% trade discount.

During March 2025, the following transactions took place.

March 2025	Transaction
10	Received a cheque, $426, from BZ Traders in part settlement of the outstanding balance at 1 March 2025.
10	Sold goods on credit to Alicia, list price $850
12	Sold goods on credit to BZ Traders, list price $310
16	Alicia returned damaged goods to Mira, list price $120
19	Received notice from the bank that the cheque received from BZ Traders, $426, had been dishonoured.
30	Alicia settled the outstanding balance at 1 March 2025 by bank transfer after taking a cash discount of 5%.
31	Mira wrote off $32 on BZ Traders' account as irrecoverable.

(b) Prepare a journal entry to record the transaction on 31 March 2025. A narrative **is** required.

(3)

Journal

Date 2025	Account	Debit $	Credit $
March 31			

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(c) Prepare the following ledger accounts in the books of Mira. Balance the accounts at 31 March 2025 and bring the balances down on 1 April 2025.

(10)

Alicia Account

Date 2025	Details	$	Date 2025	Details	$

BZ Traders Account

Date 2025	Details	$	Date 2025	Details	$

(Total for Question 14 = 15 marks)

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15 (a) State **two** types of error that do **not** affect the balancing of the trial balance.

(2)

1 .....

2 .....

Brandon, a sole trader, has prepared a trial balance that does not balance.

He discovers the following errors in his books of account at 30 April 2025.

1. The motor expenses account had been undercast by $200
2. The purchase of a motor vehicle, $2 000, had been entered in the motor expenses account.
3. A receipt from Palmer, a trade receivable, $60, had been posted to the account of Parker.
4. A cheque payment for wages, $154, had been correctly recorded in the bank account but had been posted to the wages account as $145
5. A cheque payment for stationery, $40, had been debited to the bank account and credited to the stationery account.

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(b) Prepare journal entries to correct **each** error. Narratives are **not** required.

(10)

Journal

Date 2025	Account	Debit $	Credit $
April 30			

(c) Prepare the suspense account at 30 April 2025.

(3)

Suspense Account

Date 2025	Details	$	Date 2025	Details	$

(Total for Question 15 = 15 marks)

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16 Abdus, a sole trader, maintains a full set of accounting records.

On 31 January 2025, Abdus received his bank statement, which showed a debit balance of $760. On the same day, his cash book showed a debit balance of $512

After checking the cash book against the bank statement, Abdus identified the following errors and omissions.

- A direct debit, $1 200, for rent had not been entered in the cash book.
- Bank interest received, $72, had not been entered in the cash book.
- A credit transfer, $118, from Rachel had been entered on the wrong side of the cash book.
- The total credit entries in the cash book had been undercast by $100
- A cheque received from Samuel, a credit customer, $185, had been dishonoured.
- Cash sales deposited in the bank, $235, did not appear on the bank statement.
- Cheque number 483480 payable to Pandur, $140, did not appear on the bank statement.

(a) Prepare an updated cash book at 31 January 2025. Balance the account at this date and bring the balance down on 1 February 2025.

(6)

Cash Book – Bank Column

Date 2025	Details	$	Date 2025	Details	$
January 31	Balance b/d	512	January 31		

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(b) Prepare a bank reconciliation statement at 31 January 2025.

(4)

Bank Reconciliation Statement at 31 January 2025

Balance as per cash book	

(c) Define the term **'direct debit'**.

(1)

Abdus also maintains a petty cash book with an imprest of $200.

At 31 January 2025, the subtotals of receipts and payments for the month of January 2025 had been entered in the petty cash book.

(d) Balance the petty cash book on 31 January 2025. Bring down the balance on 1 February 2025 and restore the imprest amount from the bank on that date.

(4)

Petty Cash Book

Total receipts	Date 2025	Details	Total payments
200.00	January 31	Subtotals	136.80

(Total for Question 16 = 15 marks)

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17 Archie provided the following information for the month of March 2025.

At 1 March 2025, Archie owed credit suppliers $26 330

During the month of March 2025	**$**
Cash purchases	8 412
Cheque payment to supplier dishonoured	160
Discount allowed	1 188
Discount received	945
Payments to credit suppliers	35 780
Purchases day book total	34 570
Purchases returns day book total	1 227
Receivables ledger set off	340

At 31 March 2025, Archie had overpaid a credit supplier $220

(a) Prepare the trade payables control account for the month of March 2025. Balance the account on 31 March 2025 and bring the balances down on 1 April 2025.

(10)

Trade Payables Control Account

Date 2025	Details	$	Date 2025	Details	$

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Archie also maintains a trade receivables control account.

He suspects that not all customers will pay the full amount of their debts. He is considering two options:

Option 1: write off a percentage of his trade receivables as irrecoverable

Option 2: make a provision for irrecoverable debts.

(b) Discuss, with reference to an accounting concept, which action he should take.

(5)

(Total for Question 17 = 15 marks)

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18 (a) Complete the table, indicating with a tick (✓) whether **each** is capital expenditure or revenue expenditure.

(4)

	Capital expenditure	**Revenue expenditure**
Legal costs on purchase of business premises		
Bank loan interest on purchase of business premises		
Delivery cost of new machinery		
Insurance of new machinery		

Shauna started her business on 1 January 2022, purchasing two machines at a cost of $8 000 each. She decided to depreciate machinery at 20% per annum using the straight line method, on a month-by-month basis.

On 30 June 2024, she sold one machine for $4 600, receiving the proceeds by bank transfer.

On 1 July 2024, she purchased a new machine for $10 400

(b) Calculate the balance of the machinery-cost account at 1 July 2024.

(1)

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(c) Prepare the following accounts for the year ended 31 December 2024.

(5)

Machinery – Provision for Depreciation Account

Date	Details	$	Date	Details	$

Disposal Account

Date	Details	$	Date	Details	$

QUESTION 18 CONTINUES ON NEXT PAGE.

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Shauna has been advised that she should consider charging depreciation on the straight line method rather than the reducing balance method.

(d) Advise Shauna whether or not she should change her method of charging depreciation. Justify your advice by discussing **both** methods.

(5)

(Total for Question 18 = 15 marks)

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

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