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**Pearson Edexcel
International GCSE**

Centre Number

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Candidate Number

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Accounting

Paper 1

Wednesday 8 January 2014 – Morning
Time: 2 hours 30 minutes

Paper Reference
4AC0/01

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.*

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.*
- Calculators may be used.

Advice

- Read each question carefully before you start to answer it.
- Write your answers neatly and in good English.
- 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.

**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 In which book of original entry would the purchase of a motor vehicle on credit be recorded?

- A** cash book
- B** journal
- C** purchases book
- D** sales book

(Total for Question 1 = 1 mark)

2 A trader purchases goods with a list price of £750. He receives a trade discount of 20% and a cash discount of 2%.

What amount should be entered in the purchases account?

- A** £600
- B** £660
- C** £735
- D** £750

(Total for Question 2 = 1 mark)

3 B Williams sells goods on credit to J Hartley. How will this transaction be recorded in the books of J Hartley?

	Account to be debited	Account to be credited
<input type="checkbox"/> A	Sales	J Hartley
<input type="checkbox"/> B	J Hartley	Sales
<input type="checkbox"/> C	B Williams	Purchases
<input type="checkbox"/> D	Purchases	B Williams

(Total for Question 3 = 1 mark)



4 A trader operates a petty cash system on the imprest system with a float of £200. During December the petty cashier spends £143.28. How much cash should the petty cashier receive at the end of the month in order to restore the float?

- A £56.72
- B £143.28
- C £200
- D £343.28

(Total for Question 4 = 1 mark)

5 Which item is included in prime cost?

- A carriage on raw materials
- B carriage on finished goods
- C depreciation of factory machinery
- D supervisors' wages

(Total for Question 5 = 1 mark)

6 A trader sells goods on credit to Brown but enters the transaction in error in the account of Bowen. What type of error is this?

- A commission
- B omission
- C original entry
- D principle

(Total for Question 6 = 1 mark)

7 Which item would appear in the appropriation account of a limited company?

- A debenture interest paid
- B directors' remuneration
- C dividends paid
- D investment income received

(Total for Question 7 = 1 mark)



- 8 A trader owes a month's rent at the end of his financial year. He adds this amount to the rent actually paid during the year to obtain the total rent expense for the year.

Which accounting concept is he applying?

- A accruals/matching
- B business entity
- C consistency
- D going concern

(Total for Question 8 = 1 mark)

- 9 A trader provided the following information for the financial year.

Turnover	£85 000
Cost of sales	£51 000
Total expenses	£21 250

What was the net profit percentage for the year?

- A 15%
- B 25%
- C 40%
- D 60%

(Total for Question 9 = 1 mark)

- 10 A sole trader's capital decreases by £10 000 during the year. His books show that his total drawings for the year were £6 500.

What was the amount of profit or loss for the year?

- A £10 000 loss
- B £10 000 profit
- C £3 500 profit
- D £3 500 loss

(Total for Question 10 = 1 mark)

TOTAL FOR SECTION A = 10 MARKS



Section B

Answer ALL questions.

11 Alcatraz, a sole trader, has a clothing business and sells goods for cash and on credit. On 1 January 2013 the balances on his sales ledger control account were:

Debit balance	£55 737
Credit balance	£365

(a) State **two** reasons why it is possible to have a credit balance in a sales ledger control account.

(4)

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Alcatraz provided the following information for the year ended 31 December 2013.

	£
Cash sales	6 734
Credit sales	340 095
Credit purchases	289 621
Returns from credit customers	6 987
Returns to credit suppliers	5 290
Receipts from credit customers	316 895
Payments to credit suppliers	216 423
Customers' cheque dishonoured	242
Discounts allowed	15 419
Discounts received	10 821
Credit balance in purchases ledger transferred to sales ledger	500

(b) Select the relevant figures and prepare the sales ledger control account for the year ended 31 December 2013. Balance the account at that date and bring down the balance on 1 January 2014.

(9)

Sales Ledger Control Account

Date	Narrative	Amount (£)	Date	Narrative	Amount (£)



On 31 December 2013 the balance on the control account agreed with the sum of the balances in the sales ledger.

Alcatraz allows his customers 30 days credit.

- (c) (i) Using the closing balance calculated in (b), calculate the debtors' collection period in days. State clearly the formula used.

(2)

Formula	Debtors' collection period



(ii) Comment on the debtors' collection period, stating whether Alcatraz will be satisfied with this figure.

(5)

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(Total for Question 11 = 20 marks)



12 Cable and Carr are in partnership sharing profits and losses equally.

Their partnership agreement also provides for the following:

interest on capital at 10% per annum

Cable to have a salary of £7 000 per annum.

(a) State **two** differences between a partnership and a limited liability company.

(2)

1

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2

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(c) Prepare Cable’s current account for the year ended 31 October 2013. Balance the account on that date and bring down the balance on 1 November 2013.

(6)

Cable – Current Account

Date	Narrative	Amount (£)	Date	Narrative	Amount (£)

The partnership trading account for the year ended 31 October 2013 provided the following information.

	£
Opening stock	36 000
Closing stock	48 000
Purchases	120 000
Sales	240 000

(d) (i) Calculate the gross profit percentage for the year ended 31 October 2013. State clearly the formula used.

(3)

Formula	Gross Profit Percentage
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(ii) Calculate the rate of stock turnover (in days) for the year ended 31 October 2013. State clearly the formula used.

(3)

Formula	Rate of Stock Turnover
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The figures for the year ended 31 October 2012 were:

Gross profit percentage	75%
Rate of stock turnover	110 days

(e) Evaluate the causes of the change in these two ratios between 2012 and 2013.

(5)

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(Total for Question 12 = 25 marks)



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TURN OVER FOR QUESTION 13



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13 The Howzat Cricket Club has the following assets and liabilities on 1 November 2012.

	£
Sports equipment at net book value	12 500
Cash at bank	3 200
Member subscriptions paid in advance	450
Member subscriptions owing	265
Accumulated fund	15 515

The club treasurer prepared the following receipts and payments account for the year ended 31 October 2013.

Date	Narrative	Amount (£)	Date	Narrative	Amount (£)
2012			2013		
Nov 1	Balance b/f	3 200	Oct 31	Equipment	7 500
2013				Printing costs	540
Oct 31	Members' subscriptions	11 954		Advertising	2 389
	Match income	3 246		Ground rent	4 500
	Interest received	63		Insurance	234
				Balance c/d	3 300
		<u>18 463</u>			<u>18 463</u>

- 1 On 31 October 2013 ground rent, £500, was accrued and insurance, £95, was prepaid.
- 2 Equipment is depreciated at the rate of 10% on the value of equipment held at the year end.
- 3 All subscriptions owing on 1 November 2012 had been paid during the year. On 31 October 2013 there were subscriptions owing by members of £361. There were no subscriptions paid in advance on that date.



The members of the club are concerned that the surplus in the income and expenditure is different from the closing balance on the receipts and payments account.

(c) Explain **two** reasons why the surplus calculated in (b) does not equal the balance in the receipts and payments account on 31 October 2013.

(4)

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(Total for Question 13 = 20 marks)



14 Golden Gate Stores provides wholesale services to several businesses in its locality. At the end of each month a bank reconciliation statement is prepared.

(a) Explain **two** reasons why it is necessary to do this.

(4)

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(b) Identify **two** items which may appear in a bank statement but will not appear in the cash book until after the bank statement has been received.

(2)

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The cash book of Golden Gate Stores for the month of October 2013 showed the following entries.

Cash Book
(Bank Columns Only)

Date	Narrative	Amount (£)	Date	Narrative	Amount (£)
Oct 1	Balance b/f	650	Oct 2	Burt & Co	145
Oct 3	Cash Banked	3 200	Oct 5	General Electric	688
Oct 20	Cash Banked	2 111	Oct 18	Tang and Wong	365
Oct 31	Cash Banked	3 267	Oct 25	World Telecom	591
			Oct 29	Stanley Ltd	875
			Oct 31	Balance c/d	6 564
		<u>9 228</u>			<u>9 228</u>
Nov 1	Balance b/d	6 564			

On 3 November 2013 Golden Gate Stores received the following bank statement for the month of October 2013.

Golden Gate Stores
Bank Statement

Date	Narrative	Debit	Credit	Balance
		£	£	£
October 1	Balance b/f			860 Cr
October 2	Cheque 2345	210		650 Cr
October 3	Bank Giro Credit		3 200	3 850 Cr
October 10	Cheque 2346	145		3 705 Cr
October 15	Cheque 2347	688		3 017 Cr
October 22	Bank Giro Credit		2 111	5 128 Cr
October 29	Cheque 2348	365		4 763 Cr



(c) Prepare a bank reconciliation statement as at 31 October 2013.

(7)

Golden Gate Stores
Bank Reconciliation Statement
as at 31 October 2013

On 31 October 2013 Golden Gate Stores prepared a balance sheet.

(d) (i) What amount should be shown for cash at bank?

(1)

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(ii) Where in the balance sheet would this be shown?

(1)

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(Total for Question 14 = 15 marks)



15 The following balances were extracted from the accounts of F Wharf.

	1 January 2013	31 December 2013
Sundry expenses	£850 owing	£1 100 owing
Rent receivable	£2 000 prepaid	£1 000 prepaid

During the year ended 31 December 2013 the business paid £5 440 for sundry expenses and received rental income of £11 000.

Prepare the following ledger accounts of F Wharf for the year ended 31 December 2013, showing the transfers to the profit and loss account for the year. Balance the accounts and bring the balance down on 1 January 2014.

Sundry Expenses Account

Date	Narrative	Amount (£)	Date	Narrative	Amount (£)

Rent Receivable Account

Date	Narrative	Amount (£)	Date	Narrative	Amount (£)

(Total for Question 15 = 10 marks)

TOTAL FOR SECTION B = 90 MARKS
TOTAL FOR PAPER = 100 MARKS

