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Pearson Edexcel Centre Number Candidate Number

International GCSE

Accounting

Paper 1

Tuesday 23 January 2018 - Morning Time: 2 hours 30 minutes	Paper Reference 4AC0/01
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You do not need any other materials.	Total Marks
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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 in good English.
- Try to answer every question.
- Check your answers if you have time at the end.

Turn over ►



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4 A sole trader has included the purchase of a motor vehicle for private use as a business asset.

Which double entry would correct this error?

	Account to be debited	Account to be credited
<input type="checkbox"/> A	capital	motor expenses
<input type="checkbox"/> B	drawings	motor vehicles
<input type="checkbox"/> C	motor expenses	capital
<input type="checkbox"/> D	motor vehicles	drawings

(Total for Question 4 = 1 mark)

5 A trader records purchases of £250 in his books as £520.

What type of error is this?

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

(Total for Question 5 = 1 mark)

6 Which of the following transactions would affect a business's profit?

- A sale of a fixed asset at book value
- B settlement of a business debt with discount
- C settlement of a business debt in full
- D transfer of cash to the bank account

(Total for Question 6 = 1 mark)



10 The following information was extracted from the accounts of Simba Ltd.

	Year ended 31 December	
	2016	2017
Sales	£120 000	£140 000
Gross profit percentage	20%	25%
Net profit percentage	10%	8%

What conclusion can you reach about Simba Ltd?

- A closing stock has increased
- B expenses have increased
- C purchase prices have increased but selling prices have not
- D the company has paid a large dividend

(Total for Question 10 = 1 mark)

TOTAL FOR SECTION A = 10 MARKS



(b) Prepare the purchases ledger control account for the month of September 2017.
 Balance the account on 30 September 2017 and bring the balance down to
 1 October 2017.

(8)

Purchases Ledger Control Account

Date	Details	£	Date	Details	£

(c) Explain **one** error that would **not** be identified by preparing a purchases ledger control account.

(2)

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(Total for Question 11 = 15 marks)

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(a) Prepare the petty cash book for the month of November 2017. Balance the book on 30 November 2017 and bring the balance forward to 1 December 2017.

(15)

Petty Cash Book

Receipts	Date	Details	Voucher No	Total	Postage and Stationery	Travel	Cleaning	Ledger Accounts
£				£	£	£	£	£

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(c) State in which section of the balance sheet the petty cash balance on 30 November 2017 will appear.

(1)

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On 30 November 2017 Devon Sawa provided the following information.

Year ended 30 November	Current ratio	Quick ratio (acid test)
2016	2.5:1	1.4:1
2017	1.3:1	0.9:1

(d) Evaluate the change in the liquidity of the business over the two years and the implications of this for the business's creditors.

(5)

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(Total for Question 12 = 25 marks)

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(b) Prepare a bank reconciliation statement at 30 September 2017.

(5)

**Finn Bar
Bank Reconciliation Statement
At 30 September 2017**

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(c) Evaluate Finn Bar’s decision to purchase accounting software to help him run his business.

(5)

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(Total for Question 13 = 15 marks)

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Additional information

- On 31 October 2017 insurance paid in advance amounted to £250 and direct factory wages owing were £1 400.
 - Heat and light, insurance, and rent and rates are to be apportioned $\frac{3}{4}$ to the factory and $\frac{1}{4}$ to the administration building.
 - Factory machinery is depreciated at the rate of 25% on the reducing balance basis.
 - Office equipment is depreciated at the rate of 20% on a straight line basis.
- (a) Prepare the manufacturing account for the year ended 31 October 2017.

(10)

Tornby

Manufacturing Account For The Year Ended 31 October 2017

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(b) Prepare the income statement for the year ended 31 October 2017.

(10)

Tornby

Income Statement For The Year Ended 31 October 2017

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Area with horizontal dotted lines for writing the income statement.



(c) Prepare an extract of the balance sheet to show the fixed assets at 31 October 2017.

(5)

Tornby

Extract Of The Balance Sheet At 31 October 2017

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(Total for Question 14 = 25 marks)

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15 (a) Explain the difference between a bad debt and a provision for doubtful debts. (2)

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At the end of their financial year on 30 November 2017, Baker and Butcher provided the following information related to its debtors.

Balance	Amount (£)
1 December 2016	5 870
30 November 2017	7 000

On 30 November 2017 Baker and Butcher decided to write off a bad debt of £300 and create a provision for doubtful debts of 2% of remaining debtors.

(b) Prepare the journal entries to record **both** of these transactions. Narratives are required. (6)

Date	Account	Debit (£)	Credit (£)



(c) State **two** ways in which a business could ensure that the debtors pay on time.

(2)

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(Total for Question 15 = 10 marks)

TOTAL FOR SECTION B = 90 MARKS

TOTAL FOR PAPER = 100 MARKS

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