

Write your name here

Surname	Other names
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Edexcel Centre Number

International GCSE Candidate Number

Accounting

Paper 1

Friday 10 May 2013 – 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 and in good English.
- Try to answer every question.
- Check your answers if you have time at the end.

Turn over ►



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 Which type of accounts are found in the sales ledger?

- A creditors
- B debtors
- C purchases
- D sales

(Total for Question 1 = 1 mark)

2 What is the effect on the balance sheet of a business paying creditors in full?

- A decrease in capital
- B Increase in capital
- C decrease in liabilities
- D increase in liabilities

(Total for Question 2 = 1 mark)

3 A business purchases new office machinery on credit from PH Ltd.

How would this transaction be shown in the ledger?

- | | Account to be debited | Account to be credited |
|--------------------------|------------------------------|-------------------------------|
| <input type="checkbox"/> | A purchases | office equipment |
| <input type="checkbox"/> | B PH Ltd | office equipment |
| <input type="checkbox"/> | C office equipment | purchases |
| <input type="checkbox"/> | D office equipment | PH Ltd |

(Total for Question 3 = 1 mark)



4 In which book of original entry would bad debts written off be entered?

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

(Total for Question 4 = 1 mark)

5 What would be recorded on the credit side of the creditors ledger control account?

- A credit purchases
- B discount received
- C payment to creditors
- D returns outwards

(Total for Question 5 = 1 mark)

6 A business records the purchase of a motor vehicle in the motor vehicle repairs account. What type of error is this?

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

(Total for Question 6 = 1 mark)

7 A business purchases new production machinery. Which of the following costs would be classified as revenue expenditure?

- A cost of delivery
- B cost of installation
- C cost of machine
- D cost of repairs

(Total for Question 7 = 1 mark)



8 How would a partner's salary be treated in the final accounts?

	Account to be debited	Account to be credited
<input type="checkbox"/> A	appropriation	current
<input type="checkbox"/> B	current	appropriation
<input type="checkbox"/> C	current	profit and loss
<input type="checkbox"/> D	profit and loss	current

(Total for Question 8 = 1 mark)

9 Hansel and Gretel are in partnership sharing profits and losses in the ratio of 3:2. Their partnership provides a salary for Hansel of £2 500 per annum. During the year their net profit was £7 500.

What would Gretel's share of profit be?

- A £1 000
- B £2 000
- C £3 000
- D £5 000

(Total for Question 9 = 1 mark)

10 Which accounting concept is described in the statement 'the business will continue in existence for the foreseeable future'?

- A business entity
- B consistency
- C going concern
- D prudence

(Total for Question 10 = 1 mark)

TOTAL FOR SECTION A = 10 MARKS



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SECTION B

Answer ALL questions.

11 New Wave Clothing supplies clothing to retailers. The following document is being prepared to send to a customer.

(W)..... Note

New Wave Clothing
33 Market Square
London

Harvey Nichols
 22 Alexander Terrace
 London

24 April 2013

Quantity	Code	Description	Unit price (£)	Total (£)
10	KRD2	Ladies Coats	80	(X)
	Trade Discount 20%			(Y)
				(Z)

Goods damaged in transit

(a) State the word that is missing at (W). (1)

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(b) State the figures that are missing at: (3)

(X)

(Y)

(Z)

(c) Why does New Wave Clothing offer Harvey Nichols a trade discount? (2)

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On 1 April 2013 Harvey Nichols owed New Wave Clothing £2 380. In addition to the transaction shown on the previous page, they purchased goods on 15 April 2013 for £1 240 and paid the full amount due on their account on 30 April 2013 by cheque.

(d) Prepare the account of Harvey Nichols in the books of New Wave Clothing for the month of April 2013 showing all the transactions for the month.

(4)

Harvey Nichols Account

Date	Narration	£	Date	Narration	£

(Total for Question 11 = 10 marks)



- 12 Johan is a sole trader who sells goods for cash and on credit. He provided the following information for the year ended 31 December 2012.

	1 January 2012	31 December 2012
	£	£
Debtors	13 400	17 500
Creditors	9 600	11 200
Stock	3 400	4 500

His summarised bank account for the year ended 31 December 2012 revealed the following:

	£
Opening bank balance at 1 January 2012	2 460 (Dr)
Receipts from cash and credit customers	64 100
Payments for the year to suppliers, expenses and drawings	43 800
Closing bank balance at 31 December 2012	12 760 (Dr)

During the year ended 31 December 2012:

	£
Cash sales banked during the year	11 600
Cash purchases during the year	14 250
Payments to credit suppliers	35 700
Discount received from credit suppliers	700



(a) Calculate Johan's **credit** sales for the year ended 31 December 2012.

(5)

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(b) Calculate Johan's **credit** purchases for the year ended 31 December 2012.

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(c) Prepare Johan’s trading account for the year ended 31 December 2012.

(8)

Johan
Trading Account
for the year ended 31 December 2012



(d) Using the figures calculated in (c), and stating the formula used, calculate each of the following ratios to two decimal places

percentage of gross profit to sales

(2)

Formula	Calculation

rate of stock turnover

(2)

Formula	Calculation

After the preparation of his trading account, Johan discovers that he has not yet deposited additional cash sales of £1 350 into the bank. He has used this money to pay for additional purchases of stock.

(e) Indicate by placing a tick (✓) in the table below the effect (if any) of this transaction on the following items.

(3)

	Increase	Decrease	No Effect
Gross profit			
Percentage of gross profit to sales			
Rate of stock turnover			

(Total for Question 12 = 25 marks)



13 Saul runs a manufacturing business.

(a) Explain why it is necessary for Saul to prepare a manufacturing account in addition to a trading and profit and loss account.

(2)

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(b) Explain the difference between direct labour and indirect labour.

(2)

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The following information was provided for the year ended 31 December 2012.

	£
Stock of raw materials – 1 January 2012	24 000
Stock of raw materials – 31 December 2012	34 000
Work in progress – 1 January 2012	9 760
Work in progress – 31 December 2012	10 380
Stock of finished goods – 1 January 2012	42 000
Stock of finished goods – 31 December 2012	53 000
Purchases of raw materials	234 000
Carriage on raw materials	6 000
Direct factory wages	110 000
Indirect factory expenses	185 000
Royalties	60 000



(c) Select the relevant figures and prepare a manufacturing account for the year ended 31 December 2012.

(11)

Saul
Manufacturing Account
Year ended 31 December 2012

(Total for Question 13 = 15 marks)



14 The following trial balance was extracted from the accounts of Safiya after the preparation of the trading, profit and loss account for the year

Safiya
Trial Balance as at 31 March 2013

	Debit	Credit
	£	£
Accruals		875
Bank	8560	
Bank loan – payable 2015		16 000
Capital		64 500
Closing stock	6 000	
Creditors		15 680
Debtors	4 980	
Drawings	21 000	
Fixtures and fittings (cost)	40 000	
Motor vehicles (cost)	55 000	
Net profit		14 366
Prepayments	1 430	
Provision for depreciation – fixtures and fittings		5 000
Provision for depreciation – motor vehicles		19 800
Provision for doubtful debts		749
	136 970	136 970

(a) Prepare the capital account of Safiya for the year ended 31 March 2013. Balance the account on that date and bring the balance down to 1 April 2013.

(4)

Capital Account

Date	Narration	£	Date	Narration	£



(c) Using the figures calculated in (b), and stating the formula used, calculate each of the following ratios to two decimal places.

Current ratio

(2)

Formula	Calculation

Quick ratio (acid test)

(2)

Formula	Calculation

Safiya provides the following information for the previous financial year.

	Current ratio	Quick ratio (acid test)
Year ended 31 March 2012	2.5:1	1.4:1



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

(5)

(Dotted lines for writing)

(Total for Question 14 = 25 marks)



15 Khalid purchased a new packaging machine costing £120 000 for his business on 1 July 2010. He decided to depreciate this machine at the rate of 20% using the reducing balance method.

(a) Explain the following two methods of depreciation.

Straight line

(2)

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Reducing balance

(2)

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(b) Prepare the provision for depreciation account for the years ended 30 June 2011 and 30 June 2012. Balance the account and bring the balance down on 1 July 2012.

(6)

Provision for Depreciation Account

Date	Narration	£	Date	Narration	£



(c) Evaluate the application of the accruals (matching) concept and the consistency concept in relation to depreciation of fixed assets.

(5)

Area with horizontal dotted lines for writing the answer to question (c).

(Total for Question 15 = 15 marks)

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



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