

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 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)



Section B

Question Number	Answer	Mark
11(a)	Credit	(1)

Question Number	Answer	Mark
11(b)	(X) £800 (Y) £160 (Z) £640	(3)

Question Number	Answer	Mark
11(c)	Trade discount is given to businesses in the same trade (1) and is a reward for loyalty (1) or for bulk buying (1). Max 2	(2)

Question Number	Answer	Mark																								
11(d)	Harvey Nicholls Account	(4)																								
	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th>Date</th> <th>Narration</th> <th>£</th> <th>Date</th> <th>Narration</th> <th>£</th> </tr> </thead> <tbody> <tr> <td>Apr 1</td> <td>Balance b/d</td> <td style="text-align: right;">2 380 (1cf)</td> <td>Apr 24</td> <td>Sales returns</td> <td style="text-align: right;">640 (1of)</td> </tr> <tr> <td>Apr 15</td> <td>Sales</td> <td style="text-align: right;">1 240 (1cf)</td> <td>Apr 30</td> <td>Bank</td> <td style="text-align: right;">2 980 (1of)</td> </tr> <tr> <td></td> <td></td> <td style="text-align: right;"><u>3 620</u></td> <td></td> <td></td> <td style="text-align: right;"><u>3 620</u></td> </tr> </tbody> </table>		Date	Narration	£	Date	Narration	£	Apr 1	Balance b/d	2 380 (1cf)	Apr 24	Sales returns	640 (1of)	Apr 15	Sales	1 240 (1cf)	Apr 30	Bank	2 980 (1of)			<u>3 620</u>			<u>3 620</u>
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		<u>3 620</u>			<u>3 620</u>																					

- 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.

(5)

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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)



Question Number	Answer	Mark															
12(a)	<table border="1"> <thead> <tr> <th></th> <th>£</th> <th></th> </tr> </thead> <tbody> <tr> <td>Opening debtors</td> <td>13 400</td> <td>(1 cf)</td> </tr> <tr> <td>Receipts from debtors (64100 (1cf) – 11600 (1cf))</td> <td>52 500</td> <td>(2 cf)</td> </tr> <tr> <td>Closing debtors</td> <td>17 500</td> <td>(1 cf)</td> </tr> <tr> <td>Credit sales</td> <td>56 600</td> <td>(1 of)</td> </tr> </tbody> </table>		£		Opening debtors	13 400	(1 cf)	Receipts from debtors (64100 (1cf) – 11600 (1cf))	52 500	(2 cf)	Closing debtors	17 500	(1 cf)	Credit sales	56 600	(1 of)	(5)
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Alternative presentation acceptable

Question Number	Answer	Mark																								
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Question Number	Answer	Mark
13(a)	It is necessary for Saul to produce a manufacturing account in order to calculate the cost of production for his business (1). This will then be used to calculate the cost of sales and the gross profit (1).	(2)

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13(b)	Direct labour is the cost of the wages of the people who are involved with the manufacture of the product (1) whereas indirect labour is the cost of the wages of the people who are not directly involved in the production process such as supervisors and managers. (1)	(2)

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



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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



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Question Number	Answer	Mark
14 (d)	<p>Award (1) mark for a general statement regarding the change in liquidity over the two years; a further (2) marks for a discussion on the meaning of each individual ratio; (1) mark for the implication for their creditors and a final (1) mark for a conclusion.</p> <p>Sample answer</p> <p>The liquidity of the business has worsened over the two years (1) which is evidenced by the reduction in both ratios. The current ratio indicates that they are just able to cover their short term debts (1) whereas their quick ratio indicates that they are below the ideal ratio of 1:1. (1) The implication of this for a creditor is that the business may experience some difficulty in meeting its short term debts (1).</p> <p>The business needs to consider whether it needs to take steps to invest more cash into the business in order to meet its short term obligations (1)</p>	<p>(5)</p>

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)

.....

.....

.....

.....

Reducing balance

(2)

.....

.....

.....

.....

(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	£



Question Number	Answer	Mark
15 (a)	<p>Straight line</p> <p>This method applies the same amount of depreciation or the same percentage rate each year (1). This method is used where each year is expected to benefit equally from the use of an asset (1).</p> <p>Reducing balance</p> <p>This method applies the same percentage rate of depreciation each year but it is calculated on a different value each year (1). This method is used where the greater benefits from the use of the asset will be gained in the early years of its life (1).</p>	<p>(2)</p> <p>(2)</p>

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15 (c)	<p>Award up to 2 marks for comments relative to the accruals concept</p> <p>Award up to 2 marks for comments relative to the consistency concept</p> <p>Award 1 mark for a concluding statement.</p> <p>Sample answer When a business depreciates its fixed assets it is attempting to match the benefit achieved from the use of this fixed asset (1) to the cost of the fixed asset which is an example of the application of the accruals (matching) concept (1).</p> <p>In order for the business to monitor their performance it is necessary to use the same method of depreciation for each class of asset(1) which is an example of the application of the consistency concept (1).</p> <p>If a business does not follow these concepts it will be in breach of the accounting conventions (rules) and will report an incorrect profit in their profit and loss account and an incorrect valuation of their fixed assets on their balance sheet (1)</p>	(5)