

Please check the examination details below before entering your candidate information

Candidate surname					Other names									
Pearson Edexcel					Centre Number					Candidate Number				
International GCSE					<input type="text"/>					<input type="text"/>				
Tuesday 22 January 2019														
Morning (Time: 2 hours 30 minutes)							Paper Reference 4AC0/01							
Accounting														
Paper 1														
You do not need any other materials.												Total Marks		
<input type="text"/>												<input type="text"/>		

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 ►



SECTION B

Answer ALL questions.

11 John Paul is a trader who buys and sells mainly on credit terms.

(a) Complete the table below.

(12)

Transaction	Source document	Book of original entry	Account to be debited	Account to be credited
Sold goods on credit to E Paige				
Returned goods to T Williams, a credit supplier				
Purchased fixtures and fittings on credit from Fixashop				

On 30 November 2018 John Paul prepared the following incorrect sales ledger control account.

Sales Ledger Control Account

Date	Narrative	£	Date	Narrative	£
Nov 30	Credit sales	132 789	Nov 1	Balance b/f	24 100
	Credit purchases	87 045	Nov 30	Payments received	122 900
	Cash sales	32 865		Bad debts	600
	Discount allowed	876		Credit customer returns	5 213
				Balance c/d	100 762
		<u>253 575</u>			<u>253 575</u>
Dec 1	Balance b/d	100 762			

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(b) Prepare the sales ledger control account for the month of November 2018.
 Balance the account on 30 November 2018 and bring the balance down to
 1 December 2018.

(8)

Sales Ledger Control Account

Date	Narrative	£	Date	Narrative	£

(Total for Question 11 = 20 marks)

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Question Number	Answer	Mark																				
11(a)	Award marks as indicated	(12)																				
	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 25%;">Transaction</th> <th style="width: 20%;">Source document</th> <th style="width: 20%;">Book of original entry</th> <th style="width: 20%;">Account to be debited</th> <th style="width: 15%;">Account to be credited</th> </tr> </thead> <tbody> <tr> <td>Sold goods on credit to E Paige</td> <td>Sales invoice (1)</td> <td>Sales (day) book (1)</td> <td>E Paige (1)</td> <td>Sales (1)</td> </tr> <tr> <td>Returned goods to T Williams, a credit supplier</td> <td>Credit note (1)</td> <td>Purchase returns (day) book (1)</td> <td>T Williams (1)</td> <td>Purchase returns (1)</td> </tr> <tr> <td>Purchased fixtures and fittings on credit from Fixashop</td> <td>Purchase invoice (1)</td> <td>Journal (1)</td> <td>Fixtures and fittings (1)</td> <td>Fixashop (1)</td> </tr> </tbody> </table>		Transaction	Source document	Book of original entry	Account to be debited	Account to be credited	Sold goods on credit to E Paige	Sales invoice (1)	Sales (day) book (1)	E Paige (1)	Sales (1)	Returned goods to T Williams, a credit supplier	Credit note (1)	Purchase returns (day) book (1)	T Williams (1)	Purchase returns (1)	Purchased fixtures and fittings on credit from Fixashop	Purchase invoice (1)	Journal (1)	Fixtures and fittings (1)	Fixashop (1)
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(Total for Question 11 = 20 marks)

12 R Patel maintains a full set of accounting books including a petty cash book. He maintains a petty cash float of £250.

On 1 November 2018 the balance of the petty cash book was £166. On that day the float was restored.

During the month of November 2018 the following petty cash payments were made.

November	Voucher Number	Transaction	£
1	46	Paid interviewee's travel claim.	15.00
6	47	Purchased postage stamps.	12.50
10	48	Paid Jones, a credit supplier.	26.00
14	49	Paid for taxi to the train station for client.	21.00
22	50	Purchased photocopy paper.	35.50
30	51	Paid Peters, a credit supplier.	27.00

(a) Prepare the petty cash book on page 9 for the month of November 2018. Balance the book on 30 November 2018 and bring the balance down to 1 December 2018.

(10)

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On 1 November 2018 the balance on the Travel Account was £28.

(b) Prepare the travel account for the month of November 2018 to show the transfer from the petty cash book. Balance the account on 30 November 2018 and bring the balance down to 1 December 2018.

(4)

Travel Account

Date	Narrative	£	Date	Narrative	£

(c) State the section of the balance sheet where the petty cash balance on 30 November 2018 will appear.

(1)

(Total for Question 12 = 15 marks)



Question number	Mark						
a)	Award marks as indicated						
Petty Cash Book							
Receipts	Date	Details	Voucher No	Total	Postage and Stationery	Travel	Ledger Accounts
	Nov						
£				£	£	£	£
166 (1)	1	Balance b/d					
84 (1)	1	Cash book					
	1	Interviewee travel	46	15 (1)		15	
	6	Postage stamps	47	12.50 (1)	12.50		
	10	Jones	48	26 (1)			26
	14	Taxi Fare	49	21 (1)		21	
	22	Paper	50	35.50 (1)	35.50		
	30	Peters	51	27 (1)			27
				137 (1of)	48	36	53
	30	Balance c/d		113			
<u>250</u>				<u>250</u>			
113 (1of)	Dec 1	Balance b/d					

(10)

Question Number	Mark		
12 (b)	Award marks for correct amounts as indicated. Award 1 mark for ALL correct dates and narratives		
	Travel Account		
	Date	Narrative	£
	Nov 1	Balance b/d	28
			(1)
	Nov 30	Petty cash book	36
			(1 of)
		64	
		64	
Dec 1	Balance b/d	64	
		(1of)	
		(4)	

Question Number	Mark	
12 (c)	Award mark as indicated	
	Current assets (1)	(1)

(Total for Question 12 = 15 marks)

- 13 Ciao Wong, a sole trader, provided the following information for the year ended 31 July 2018.

	1 August 2017	31 July 2018
	£	£
Rates	350 in advance	200 in arrears
Rent paid	250 in arrears	180 in advance
Rent received	150 in advance	200 in advance

During the year the following transactions took place.

Rates	1 August 2017 1 February 2018	Paid £1 800 Paid £2 000
Rent paid	1 October 2017 1 April 2018	Paid £1 600 Paid £2 200
Rent received	1 September 2017 1 March 2018	Received £850 Received £250
All receipts and payments were processed through the bank		

- (a) Prepare the rent and rates account and the rent received account for the year ended 31 July 2018 showing any transfers to the financial statements. Balance the accounts on 31 July 2018 and bring the balances down to 1 August 2018.

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(i)

Rent and Rates Account

Date	Narrative	£	Date	Narrative	£

(7)

(ii)

Rent Received Account

Date	Narrative	£	Date	Narrative	£

(5)

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(b) Explain why Ciao adjusted the amounts received for rent received for the year ended 31 July 2018.

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(Total for Question 13 = 15 marks)

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(Total for Question 13 = 15 marks)

Question Number	Mark																																																													
14 (a)	<p>Award marks as indicated</p> <p style="text-align: center;">Stylos and Kristos Profit and loss, and Appropriation account For the year ended 30 November 2018</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th style="text-align: center;">£</th> <th style="text-align: center;">£</th> </tr> </thead> <tbody> <tr> <td>Gross profit</td> <td></td> <td style="text-align: right;">109 150 (1)</td> </tr> <tr> <td>Expenses</td> <td></td> <td></td> </tr> <tr> <td>Wages and salaries W1</td> <td style="text-align: right;">29 300 (2)</td> <td></td> </tr> <tr> <td>Provision for doubtful debts</td> <td style="text-align: right;">1 450 (1)</td> <td></td> </tr> <tr> <td>Depreciation charge W2</td> <td style="text-align: right;">6 000 (2)</td> <td></td> </tr> <tr> <td>Rent rates and insurance</td> <td style="text-align: right;">16 800 (1)</td> <td></td> </tr> <tr> <td></td> <td></td> <td style="text-align: right;">53 550</td> </tr> <tr> <td>Profit for the year</td> <td></td> <td style="text-align: right;">55 600(1of)</td> </tr> <tr> <td>Appropriations</td> <td></td> <td></td> </tr> <tr> <td>Interest on capital:</td> <td></td> <td></td> </tr> <tr> <td>Stylos</td> <td style="text-align: right;">4 800</td> <td></td> </tr> <tr> <td>Kristos</td> <td style="text-align: right;">2 800 (1)</td> <td></td> </tr> <tr> <td>Salary Stylos</td> <td style="text-align: right;">8 000 (1)</td> <td></td> </tr> <tr> <td></td> <td></td> <td style="text-align: right;">15 600</td> </tr> <tr> <td>Residual profit</td> <td></td> <td style="text-align: right;">40 000 (1of)</td> </tr> <tr> <td>Share of profits:</td> <td style="text-align: right;">30 000(1of)</td> <td></td> </tr> <tr> <td>Stylos</td> <td style="text-align: right;">10 000 (1of)</td> <td></td> </tr> <tr> <td>Kristos</td> <td></td> <td></td> </tr> <tr> <td></td> <td></td> <td style="text-align: right;"><u>40 000</u></td> </tr> </tbody> </table> <p>W1 26 500 (1) + 2 800 (1) = 29300 W2 36 000 (1) – 6000 (1) x 20% = 6 000</p>		£	£	Gross profit		109 150 (1)	Expenses			Wages and salaries W1	29 300 (2)		Provision for doubtful debts	1 450 (1)		Depreciation charge W2	6 000 (2)		Rent rates and insurance	16 800 (1)				53 550	Profit for the year		55 600 (1of)	Appropriations			Interest on capital:			Stylos	4 800		Kristos	2 800 (1)		Salary Stylos	8 000 (1)				15 600	Residual profit		40 000 (1of)	Share of profits:	30 000 (1of)		Stylos	10 000 (1of)		Kristos					<u>40 000</u>	(13)
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14 Stylos and Kristos are in partnership sharing profits and losses in the ratio 3:1.

Their partnership agreement allows for interest on capital at 4% per annum and a partnership salary to Stylos of £8 000 per annum.

The following balances were extracted from the books of account after the calculation of the gross profit for the year ended 30 November 2018.

	£
Bank	9 400
Capital accounts:	
Stylos	120 000
Kristos	70 000
Current accounts:	
Stylos	13 750
Kristos	1 850 Dr
Creditors	14 700
Debtors	29 000
Drawings:	
Stylos	12 000
Kristos	16 500
Gross profit	109 150
Land and buildings at cost	250 000
Motor vehicles	
Cost	36 000
Provision for depreciation	6 000
Rent, rates and insurance	16 800
Wages and salaries	26 500

Additional information

1. Wages and salaries of £2 800 were owing at 30 November 2018.
2. A provision for doubtful debts of 5% of debtors was to be created.
3. Motor vehicles are to be depreciated by 20% per annum using the reducing balance method. No depreciation is to be charged on land and buildings.

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(a) Prepare the profit and loss and appropriation account of Stylos and Kristos for the year ended 30 November 2018.

(13)

**Stylos and Kristos
Profit and Loss and Appropriation Account
For the year ended 30 November 2018**

Dotted lines for writing the account.



P 5 5 8 9 1 A 0 1 7 2 4

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- (b) Prepare the current account of Stylos for the year ended 30 November 2018. Balance the account on this date and bring the balance down to 1 December 2018.

(7)

Current Account – Stylos

Date	Narrative	£	Date	Narrative	£

Stylos and Kristos are considering converting their business to a private limited company.

- (c) Evaluate this proposed change to their business structure.

(5)

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(Total for Question 14 = 25 marks)



Question Number	Mark	
13 (b)	<p>Award 1 mark for identification of the accruals concept and up to 2 marks for the application of this to the scenario.</p> <p>Sample answer Ciao has applied the accruals concept (1) as he has accounted correctly for the rent received which relates to that financial year (1) with any balances for the previous year and the next year being excluded (1)</p>	(3)

(Total for Question 13 = 15 marks)

Question Number	Mark																																																													
14 (a)	<p>Award marks as indicated</p> <p style="text-align: center;">Stylos and Kristos Profit and loss, and Appropriation account For the year ended 30 November 2018</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th style="text-align: center;">£</th> <th style="text-align: center;">£</th> </tr> </thead> <tbody> <tr> <td>Gross profit</td> <td></td> <td style="text-align: right;">109 150 (1)</td> </tr> <tr> <td>Expenses</td> <td></td> <td></td> </tr> <tr> <td>Wages and salaries W1</td> <td style="text-align: right;">29 300 (2)</td> <td></td> </tr> <tr> <td>Provision for doubtful debts</td> <td style="text-align: right;">1 450 (1)</td> <td></td> </tr> <tr> <td>Depreciation charge W2</td> <td style="text-align: right;">6 000 (2)</td> <td></td> </tr> <tr> <td>Rent rates and insurance</td> <td style="text-align: right;">16 800 (1)</td> <td></td> </tr> <tr> <td></td> <td></td> <td style="text-align: right;">53 550</td> </tr> <tr> <td>Profit for the year</td> <td></td> <td style="text-align: right;">55 600(1of)</td> </tr> <tr> <td>Appropriations</td> <td></td> <td></td> </tr> <tr> <td>Interest on capital:</td> <td></td> <td></td> </tr> <tr> <td>Stylos</td> <td style="text-align: right;">4 800</td> <td></td> </tr> <tr> <td>Kristos</td> <td style="text-align: right;">2 800 (1)</td> <td></td> </tr> <tr> <td>Salary Stylos</td> <td style="text-align: right;">8 000 (1)</td> <td></td> </tr> <tr> <td></td> <td></td> <td style="text-align: right;">15 600</td> </tr> <tr> <td>Residual profit</td> <td></td> <td style="text-align: right;">40 000 (1of)</td> </tr> <tr> <td>Share of profits:</td> <td style="text-align: right;">30 000(1of)</td> <td></td> </tr> <tr> <td>Stylos</td> <td style="text-align: right;">10 000 (1of)</td> <td></td> </tr> <tr> <td>Kristos</td> <td></td> <td></td> </tr> <tr> <td></td> <td></td> <td style="text-align: right;"><u>40 000</u></td> </tr> </tbody> </table> <p>W1 26 500 (1) + 2 800 (1) = 29300 W2 36 000 (1) – 6000 (1) x 20% = 6 000</p>		£	£	Gross profit		109 150 (1)	Expenses			Wages and salaries W1	29 300 (2)		Provision for doubtful debts	1 450 (1)		Depreciation charge W2	6 000 (2)		Rent rates and insurance	16 800 (1)				53 550	Profit for the year		55 600 (1of)	Appropriations			Interest on capital:			Stylos	4 800		Kristos	2 800 (1)		Salary Stylos	8 000 (1)				15 600	Residual profit		40 000 (1of)	Share of profits:	30 000 (1of)		Stylos	10 000 (1of)		Kristos					<u>40 000</u>	(13)
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Question Number	Mark						
14 (b)	Award marks for correct amounts as indicated.						(7)
	Award 1 mark for ALL correct dates and narratives						
	Current Account - Stylos						
	Date	Narrative	£	Date	Narrative	£	
	Nov 30	Drawings	12000 (1)	Dec 1	Balance b/f	13 750 (1)	
		Balance c/d	44 550	Nov 30	Salary	8 000 (1)	
					Interest on capital	4 800 (1of)	
					Share of profits	30000 (1of)	
			<u>56 550</u>			<u>56 550</u>	
				Dec 1	Balance b/d	44550 (1of)	

Question Number		Mark
14 (c)	<p>Award up to 2 marks for advantages of this proposal, a further 2 marks for any disadvantages</p> <p>Award (1) mark for a conclusion.</p> <p>Sample response</p> <p>Advantages</p> <p>Both partners will become shareholders of the business and as such will have limited liability which means that the extent of their liability for business debts will be limited to the amount of money they have invested in the business (1).</p> <p>The partners may also become employees of this new business as directors and as such will receive a directors salary as opposed to just one of them receiving a salary as at present (1)</p> <p>They may be able to attract more investment from outside agencies such as banks that are more likely to lend money where the ownership of the business is wider (1).</p> <p>Disadvantages</p> <p>However they may find that they have less control over the day to day operations of the business as they may have other shareholders who have a say in the running of the business (1).</p> <p>There will also be a change to the way in which the accounts are prepared and to the type of taxation paid on the business profits (1)</p> <p>They will also have to ensure that they abide by all the legislation which relates to the management and administration of companies. (1)</p> <p>Conclusion</p> <p>Although there are many advantages to the partnership of this proposal Stylos and Kristos will be well advised to seek professional advice before embarking on this change as they need to be aware of the disadvantages too. (1)</p>	(5)

(Total for Question 14 = 25 marks)

15 (a) Complete the table below, using a tick (✓), to indicate how each item would be classified in the books of Javid, a sole trader.

(10)

	Capital receipt	Revenue receipt	Capital expenditure	Revenue expenditure
Additional capital invested by Javid				
Bank interest received				
Discount allowed				
Discount received				
Installation cost of new machine				
Interest on bank loan				
Maintenance contract on new machine				
New bank loan				
Payment by tenant of rent				
Purchase of goods for resale				

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA



DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

(b) Evaluate the effect on a business's financial statements of the incorrect treatment of capital expenditure and revenue expenditure.

(5)

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(Total for Question 15 = 15 marks)

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



Question Number	Mark				
15 (a)	Award 1 mark for each correct response as indicated				
		Capital receipt	Revenue receipt	Capital expenditure	Revenue expenditure
	Additional capital invested by Javid	✓ (1)			
	Bank interest received		✓ (1)		
	Discount allowed				✓ (1)
	Discount received		✓ (1)		
	Installation cost of new machine			✓ (1)	
	Interest on bank loan				✓ (1)
	Maintenance contract on new machine				✓ (1)
	New bank loan	✓ (1)			
	Payment by tenant of rent.		✓ (1)		
	Purchase of goods for resale				✓ (1)
					(10)

Question Number	Mark	
15 (b)	<p>Award (1) mark for comment related to the effect on the income statement and (1) mark for the effect on the balance sheet.</p> <p>Award up to (2) marks for a relevant example</p> <p>Award (1) mark for a conclusion.</p> <p>Sample response</p> <p>The incorrect treatment of revenue expenditure would result in the net profit being either overstated or understated (1).</p> <p>The incorrect treatment of capital expenditure would result in the fixed assets section of the balance sheet being either overstated or understated (1).</p> <p>If, for example, a business enters the purchase of a motor vehicle in the motor expenses account this would result in the net profit being understated (1) and the value of the motor vehicles in the balance sheet being understated (1).</p> <p>By treating capital expenditure and revenue expenditure incorrectly this would result in the financial statements not providing a true and fair view of the business (1).</p>	(5)

(Total for Question 15 = 15 marks)