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Accounting Paper 1

Past Paper

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Write your name here Surname	Other r	names
Pearson Edexcel International GCSE	Centre Number	Candidate Number
Accounting Paper 1	ng	
Wednesday 27 January 20 Time: 2 hours 30 minute		Paper Reference 4ACO/01
You do not need any other n	naterials.	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 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 Robin Bird, a sole trader, maintains a full set of accounting books.
 - (a) State **one** source document Robin would use to record transactions in **each** of the following books of original entry.

Book of original entry	Document
Cash book	
Petty cash book	
Purchases book	
Returns outwards book	

During the month of October 2015 the following transactions took place.

October	
2	Bought goods on credit from C Jay, £320.
7	Bought goods on credit from R Swallow, £392.
9	Bought goods on credit from C Jay, £494.
15	Returned goods to C Jay, £73.
21	Paid to C Jay the balance owing on his account on 1 October 2015, £686.
31	Returned goods to R Swallow, £47.

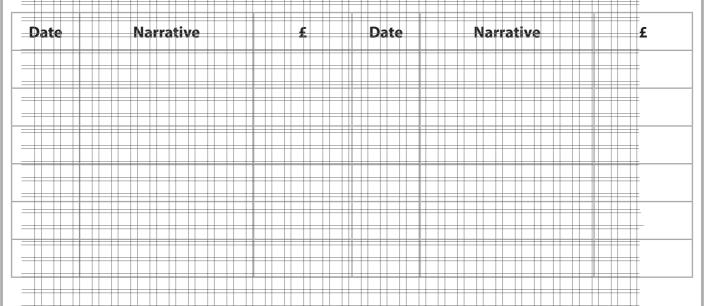
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(b) Prepare the account of C Jay, in the books of Robin Bird, for the month of October 2015. Balance the account at that date and bring the balance down on 1 November 2015.

On 1 October 2015 Robin Bird owed £686 to C Jay.

C Jay Account



(c) Prepare the statement of account that C Jay would send to Robin Bird for the month of October 2015.

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Creditors at 1 November 2014 £25 600 Creditors at 31 October 2015

Credit Sales for year ended 31 October 2015 £252 693

Credit purchases for year ended 31 October 2015 £237 980

(d) Calculate the debtors' collection period and the creditors' payment period (in days).

Debtors collection period



Creditors payment period

Formula Calculation

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(e) Using your answers to (d), evaluate the effect on the business's liquidity of the debtors collection period and creditors payment period.___



(Total for Question 11 = 25 marks)

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Section B

Question	Answer	Mark	
Number			
11 (a)	Bank Statement, Cheque stub or Paying in slip (1) (Petty cash) voucher(1) Invoice (1)		
	Credit note (1)	(4)	

Question	Answer						Mark
Number							
11 (b)			C Ja	ay Accou	nt		
	Date	Narration	(£)	Date	Narration	(£)	
	Oct 15	Purchases returns book	73 (1)	Oct 1	Balance b/d	686 (1)	
	Oct 21	Cash book	686 (1)	Oct 2	Purchases book	320 (1)	
	Oct 31	Balance c/d	741	Oct 9	Purchases book	494 (1)	
			<u>1 500</u>			<u>1 500</u>	
				Nov 1	Balance b/d	741 (1of)	
							(6)

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Past Paper (Mark Scheme)

Question	Answer					Mark
Number						
11 (c)						
			Robin Bird			
	St	atement of Accou	ınt for Mont	h of Octobe	r 2015	
	Date	Transaction	Debit	Credit	Balance	
	Date	Transaction	£	£	£	
	Oct 1	Balance b/f			686(1)	
	Oct 2	Sales	320		1 006	
			(1)			
	Oct 9	Sales	494		1 500	
			(1)			
	Oct 15	Returns		73	1 427	
				(1)		
	Oct 21	Payment		686		
		received		(1)	741(1of)	
						(()
						(6)

Question	Answer			Mark
Number				
11 (d)				
	Debtors col	llection period		
		Formula	Calculation	
		Debtors/Sales x 365	45000/252693 x 365 =	
		(1)	65 days (1)	
			03 days (1)	
	Creditors p	ayment period		
		-y		
	Γ _Ε	ormula	Calculation	
	C	Creditors/Purchases x	32600/237980 x 365 =	
	3	365(1)	50 days (1)	(4)
	1			

Question	Answer	Mark
Number		
11 (e)	Award up to (2) marks for comments on the liquidity position of the business of each ratio, ie 2 x 2.	
	Marks can be awarded for suggested strategies on how to improve their liquidity position.	
	Award (1) mark for a relevant concluding statement.	
	Sample answer	
	An analysis of the two ratios indicates that Robin is taking longer to receive his payments from his debtors (1) than the time taken to pay his creditors (1).	
	There is a risk that some of his debts might become irrecoverable (1) or he may have less cash available to pay his short term debts (1) if this situation continues.	
	Robin could consider offering some sort of incentive to encourage his debtors to pay more promptly (1) such as a cash discount.	
		(5)

12 On 31 December	r 2015 the following	balances were extra	acted from the books of Pip,
a sole trader			

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Account	Balance
	£
Bad debts	3 200
Business rates	4 650
Carriage inwards	12 318
Carriage outwards	28 663
Fixtures and fittings – cost	20 000
General expenses	23 897
Insurance	4 322
Motor expenses	27 690
Motor vehicles – cost	30 000
Opening stock	45 000
Premises – cost	250 000
Provision for depreciation – fixtures and fittings	5 000
Provision for depreciation – motor vehicles	10 000
Purchases	324 897
Returns outwards	12 579
Sales	487 600

The following additional information at 31 December 2015 should be taken into account.

- Stock was valued at £56 346.
- 2. The purchase of a new motor vehicle, £12 000, has been included in the motor expenses account.
- 3. Depreciation on fixed assets is to be provided for as follows:

fixtures and fittings 10% per annum using the straight line method

motor vehicles 25% using the reducing balance method

it is company policy to provide a full year's depreciation on all assets held at the year end.

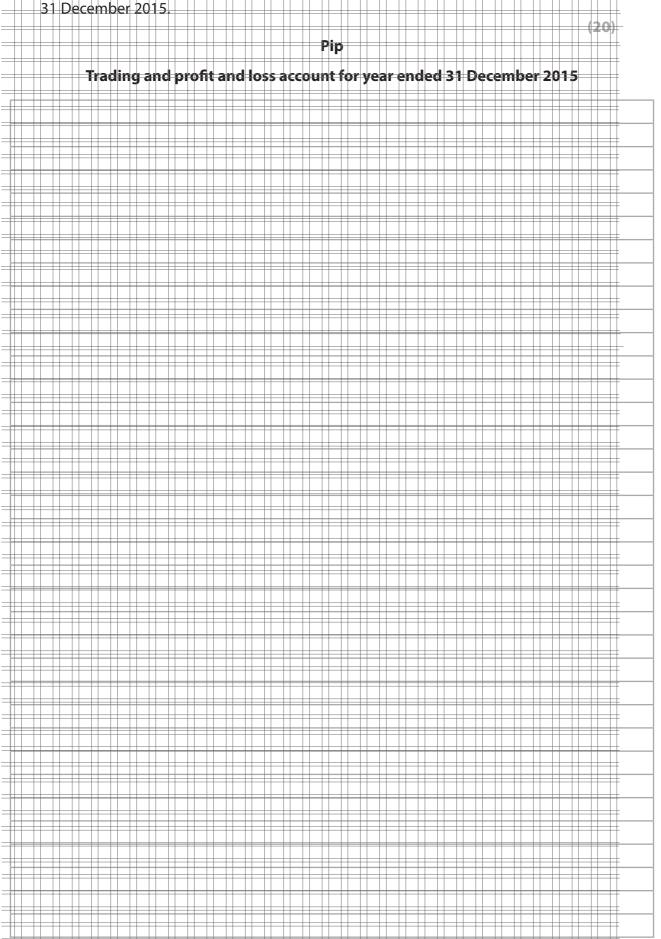
- 4. On 31 December 2015 business rates, £500, were accrued and insurance, £322, was prepaid.
- 5. During the year Pip had withdrawn stock to the value of £3 290 for his own

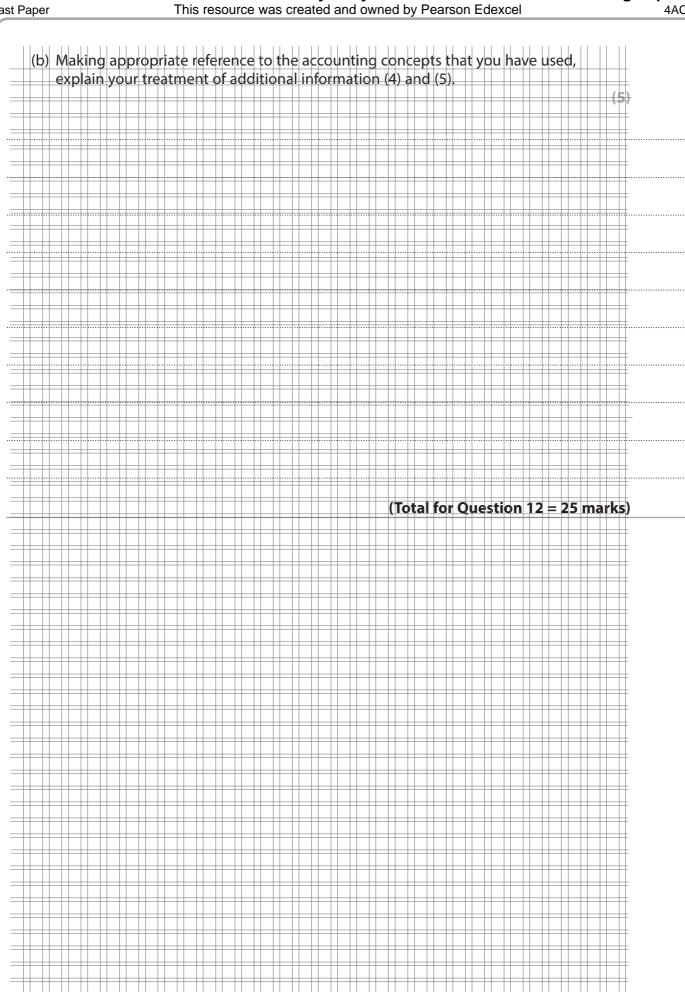


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Question	Answer					Mark
Number						
12 (a)		Pi ing and pr ear ended	ofit and lo			
		£	£	£		
	Sales			487 600	(1)	
	Cost of sales					
	Opening stock		45 000			
	Purchases	324 897			(1)	
	Returns outwards	(12 579)			(1)	
	Stock drawings	(3 290)			(1)	
	Carriage inwards	<u>12 318</u>			(1)	
			<u>321</u> <u>346</u>			
			366 346			
	Closing stock		<u>56</u> 346			
	Cost of goods sold			310 000	(1 of)	
	Gross Profit			177 600	(1 of)	
	Running expenses					
	Bad debts		3 200		(1)	
	Business rates (4 650 + 500)		5 150		(2)	
	Carriage outwards		28 663		(1)	
	General expenses		23 897		(1)	
	Insurance (4 322 – 322)		4 000		(2)	
	Motor expenses (27 690 – 12 000)		15 690		(2)	
	Depreciation - FF		2 000		(1)	
	Depreciation – MV (30 000 + 12 000) (1) - 10		8 000		(2)	
	000 x 25% (1)			00 151		
	Net profit			90 600 87 000	(1	(20)
					of)	

Question Number	Answer	Mark
12 (b)	Award up to 2 marks for comments relative to the application of the accruals concept in respect of item 4.	
	Award up to 2 marks for comments relative to the application of the business entity concept in respect of item 5.	
	Award 1 mark for a concluding statement	
	Sample answer	
	It was necessary to adjust business rates and insurance in order to comply with the accruals concept (1). These adjustments ensure that the business' profits are not understated or overstated (1).	
	It was necessary to adjust the purchases figure by the amount of stock withdrawn by the owner of the business in order to comply with the business entity concept (1). This adjustment ensures that the correct purchases figure is shown in the trading thus ensuring that a correct gross profit figure is shown (1).	
	All of these adjustments also ensure that the balance sheet of the business shows a true and fair view of the business' assets and liabilities (1).	(5)

Question	Answer	Mark
Number		
13 (a)		
	Omission (1)	
	Original entry (1)	
	Commission (1)	(3)

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- 13 At the year end of 30 September 2015 the trial balance of Havisham, a sole trader, balanced. During the following month the following errors were discovered.
 - (a) Complete the following table to show the type of error in each case.

Type of Error

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Z Malik had not been recorded in the books.

Error

A cheque received from L Payne, a debtor, had been entered in the accounts as £182, instead of the correct figure of £128.

A payment to R Charles a supplier, £732, had been entered in the account of R Charters.

(b) Prepare journal entries to correct these errors. Narratives are not required.

The Journal

Debit	Credit
£	<u> </u>
	4

(c) State one other use of the general journal in addition to correction of errors.

(Total for Question 13 = 10 marks)

Question Number	Answer	Mark
12 (b)	Award up to 2 marks for comments relative to the application of the accruals concept in respect of item 4.	
	Award up to 2 marks for comments relative to the application of the business entity concept in respect of item 5.	
	Award 1 mark for a concluding statement	
	Sample answer	
	It was necessary to adjust business rates and insurance in order to comply with the accruals concept (1). These adjustments ensure that the business' profits are not understated or overstated (1).	
	It was necessary to adjust the purchases figure by the amount of stock withdrawn by the owner of the business in order to comply with the business entity concept (1). This adjustment ensures that the correct purchases figure is shown in the trading thus ensuring that a correct gross profit figure is shown (1).	
	All of these adjustments also ensure that the balance sheet of the business shows a true and fair view of the business' assets and liabilities (1).	(5)

Question	Answer	Mark
Number		
13 (a)		
	Omission (1)	
	Original entry (1)	
	Commission (1)	(3)

Question	Answer			Mark
Number				
13 (b)				
		Debit	Credit	
		£	£	
	Z Malik	350(1)		
	Sales		350(1)	
	L Payne	54 (1)		
	Bank		54 (1)	
	R Charles	732 (1)		
	R Charters		732 (1)	
				(6)
	Award mark only for correct a	ccount name and	d amount	

Question Number	Answer	Mark
13 (c)	Award 1 mark for any acceptable use of the journal.	
	Sample responses:	
	Sale or purchase of fixed assets on credit (1) Writing off bad debts (1) Opening entries (1)	
	opening entires (1)	(1)

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on 1 Aı	lgust 2014.		
		£	
	Climbing equipment at valuation	5 000	
	Subscriptions in advance	240	
	Subscriptions in arrears	75	
	Stock of refreshments	1 560	
	Cash in hand	216	
	Bank overdraft	841	
	Clubhouse rent in advance	230	
(2) (2)	policita the following trial halance at 1 August 2014 she	vyling the yell	uo of tho
	nplete the following trial balance at 1 August 2014 sho	owing the valu	ue of the
	nplete the following trial balance at 1 August 2014 sho umulated fund at this date.	owing the valu	ue of the
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	The Great Expectations Mountainee Trial balance at 1 August 201 Debit £ Climbing equipment at valuation Subscriptions in advance Subscriptions in arrears	ering Club	redit
	The Great Expectations Mountainee Trial balance at 1 August 201 Debit £ Climbing equipment at valuation Subscriptions in advance	ering Club	redit
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	The Great Expectations Mountainee Trial balance at 1 August 201 Debit £ Climbing equipment at valuation Subscriptions in advance Subscriptions in arrears	ering Club	redit
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	The Great Expectations Mountainee Trial balance at 1 August 201 Debit £ Climbing equipment at valuation Subscriptions in advance Subscriptions in arrears Stock of refreshments Cash in hand	ering Club	redit
	The Great Expectations Mountainee Trial balance at 1 August 201 Debit £ Climbing equipment at valuation Subscriptions in advance Subscriptions in arrears Stock of refreshments Cash in hand Bank overdraft	ering Club	redit



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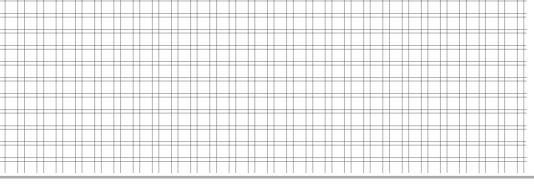
During the year ended 31 July 2015, the club received subscriptions totalling £3 560. All subscriptions owing on 1 August 2014 were paid during the year. On 31 July 2015, subscriptions owing were £85. There were no subscriptions paid in advance on that date.

(b) Prepare the club subscriptions account for the year ended 31 July 2015. Balance the account on that date and bring the balance down on 1 August 2015.

Subscriptions Account

Date	Narrative	Amount (£)	Narrative	Amount (£)

(Total for Question 14 = 15 marks)



Question	Answer	Mark					
Number							
14 (a)	Trial balance at 1 August 2014						
	Debit Credit						
	Climbing equipment at 5 000 (1) valuation						
	Members subscriptions in advance 240 (1)						
	Members subscriptions in arrears 75 (1)						
	Stock of refreshments 1 560 (1)						
	Cash in hand 216 (1)						
	Bank overdraft 841 (1)						
	Clubhouse rent in 230(1) advance						
	Accumulated fund 6 000(1of)						
	<u>7 081 7 081(1of)</u>						
		(9)					

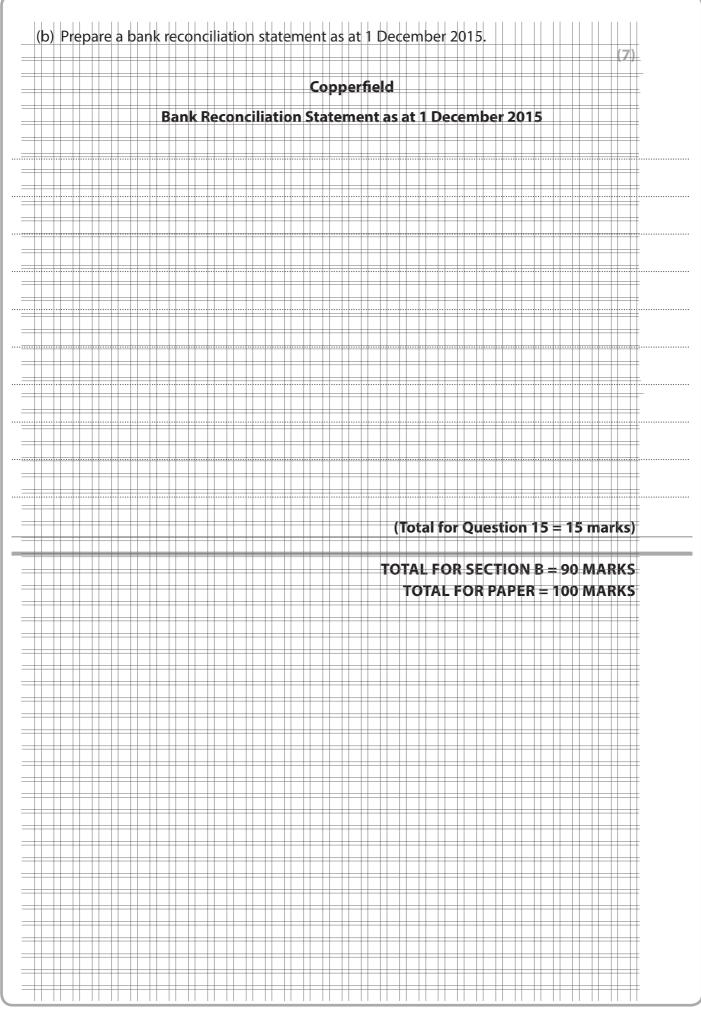
Question	Answer						Mark
Number							
14 (b)							
		Sub	scription	ns Accou	ınt		
	Date	Narration	£	Date	Narra	£	
					tion		
	Aug 1	Bal b/d	75(1)	Aug 1	Bal b/d	240 (1)	
	Jul 31	Income &	3 810	Jul 31	Bank	3 560	
		expenditure (1)	(1of)			(1)	
				Jul 31	Bal c/d	85	
			<u>3 885</u>			<u>3 885</u>	
	Aug 1	Bal b/d	85 (1)				(6)

Question	Answer	Mark
Number		
15 (a)		
	Debit Credit	1 mark
	Side Side	per
	Bank charges ✓	tick
	Credit transfer ✓	
	Direct debit ✓	
	Dishonoured cheque	
	Dividend received ✓	
	Interest earned ✓	
	Interest on overdraft ✓	
	Standing order ✓	
		(8)

would be entered on the	debit side or ci	curt side of a cas	
	Debit Side	Credit Side	
Bank charges	X	×	
Credit transfer	×	×	
Direct debit	×	×	
Dishonoured cheque			
Dividend received	×	×	
Interest earned	×	×	
Interest on overdraft			
interest on overdrait			
Standing order			
On 1 December 2015 the			
debit balance of £1 780. C		te a bank statem	ent was received which
showed a credit balance of	OT ±2 075.		
Further investigation reve	aled that on th	at date there we	re uncleared lodgemer
of £380 and two unpreser	nted cheques: 1	number 12578, £ ∙	125, and number 1278
£250.			

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Question	Answer						Mark
Number							
14 (b)							
		Sub	scription	ns Accou	ınt		
	Date	Narration	£	Date	Narra	£	
					tion		
	Aug 1	Bal b/d	75(1)	Aug 1	Bal b/d	240 (1)	
	Jul 31	Income &	3 810	Jul 31	Bank	3 560	
		expenditure (1)	(1of)			(1)	
				Jul 31	Bal c/d	85	
			<u>3 885</u>			<u>3 885</u>	
	Aug 1	Bal b/d	85 (1)				(6)

Question	Answer	Mark
Number		
15 (a)		
	Debit Credit	1 mark
	Side Side	per
	Bank charges ✓	tick
	Credit transfer ✓	
	Direct debit ✓	
	Dishonoured cheque	
	Dividend received ✓	
	Interest earned ✓	
	Interest on overdraft ✓	
	Standing order ✓	
		(8)

Question Number	Answer	Mark		
15 (b)	Copperfield Bank Reconciliation Statement as at 1 December 2015			
	£ Balance as per cash book (1) 1 780 (1)			
	Unpresented cheques: 12578 425 (1) 12780 250 (1) 675			
	2 455 Outstanding lodgement 380 (1) Balance as per bank statement (1) 2 075 (1)			
	All marks awarded for correct figure only			
	Copperfield Bank Reconciliation Statement as at 1 December 2015			
	Balance as per bank statement (1) 2 075 (1)			
	Unpresented cheques: 12578 425 (1) 12780 250 (1) 675			
	1 400 Outstanding lodgement 380 (1) Balance as per cash book (1) 1 780 (1)	(7)		
	All marks awarded for correct figure only	(7)		