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Surname	Other names
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**Pearson Edexcel  
International GCSE**

Centre Number

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Candidate Number

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# Accounting

## Paper 1

Wednesday 27 January 2016 – Afternoon  
**Time: 2 hours 30 minutes**

Paper Reference  
**4AC0/01**

**You do not need any other materials.**

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 ►

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**PEARSON**

**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.

(4)

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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At the year end of 31 October 2015 Robin provided the following information.

Debtors at 1 November 2014	£35 000	Debtors at 31 October 2015	£45 000
Creditors at 1 November 2014	£25 600	Creditors at 31 October 2015	£32 600
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).

(4)

Debtors collection period

Formula	Calculation

Creditors payment period

Formula	Calculation



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

(5)

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(Total for Question 11 = 25 marks)



**Section B**

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

Question Number	Answer	Mark																																				
11 (b)	<p style="text-align: center;"><b>C Jay Account</b></p> <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>Oct 15</td> <td>Purchases returns book</td> <td>73 (1)</td> <td>Oct 1</td> <td>Balance b/d</td> <td>686 (1)</td> </tr> <tr> <td>Oct 21</td> <td>Cash book</td> <td>686 (1)</td> <td>Oct 2</td> <td>Purchases book</td> <td>320 (1)</td> </tr> <tr> <td>Oct 31</td> <td>Balance c/d</td> <td>741</td> <td>Oct 9</td> <td>Purchases book</td> <td>494 (1)</td> </tr> <tr> <td></td> <td></td> <td><u>1 500</u></td> <td></td> <td></td> <td><u>1 500</u></td> </tr> <tr> <td></td> <td></td> <td></td> <td>Nov 1</td> <td>Balance b/d</td> <td>741 (1of)</td> </tr> </tbody> </table>	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)	<b>(6)</b>
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11 (c)	<p style="text-align: center;">Robin Bird Statement of Account for Month of October 2015</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>Date</th> <th>Transaction</th> <th>Debit £</th> <th>Credit £</th> <th>Balance £</th> </tr> </thead> <tbody> <tr> <td>Oct 1</td> <td>Balance b/f</td> <td></td> <td></td> <td>686(1)</td> </tr> <tr> <td>Oct 2</td> <td>Sales</td> <td>320 (1)</td> <td></td> <td>1 006</td> </tr> <tr> <td>Oct 9</td> <td>Sales</td> <td>494 (1)</td> <td></td> <td>1 500</td> </tr> <tr> <td>Oct 15</td> <td>Returns</td> <td></td> <td>73 (1)</td> <td>1 427</td> </tr> <tr> <td>Oct 21</td> <td>Payment received</td> <td></td> <td>686 (1)</td> <td>741(1of)</td> </tr> </tbody> </table>	Date	Transaction	Debit £	Credit £	Balance £	Oct 1	Balance b/f			686(1)	Oct 2	Sales	320 (1)		1 006	Oct 9	Sales	494 (1)		1 500	Oct 15	Returns		73 (1)	1 427	Oct 21	Payment received		686 (1)	741(1of)	<b>(6)</b>
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Question Number	Answer	Mark
11 (e)	<p>Award up to (2) marks for comments on the liquidity position of the business of <b>each</b> ratio, ie 2 x 2.</p> <p>Marks can be awarded for suggested strategies on how to improve their liquidity position.</p> <p>Award (1) mark for a relevant concluding statement.</p> <p>Sample answer</p> <p>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).</p> <p>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.</p> <p>Robin could consider offering some sort of incentive to encourage his debtors to pay more promptly (1) such as a cash discount.</p>	<b>(5)</b>



- 12 On 31 December 2015 the following balances were extracted from the books of Pip, a sole trader.

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.

1. 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 personal use.

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(b) Making appropriate reference to the accounting concepts that you have used, explain your treatment of additional information (4) and (5).

(5)

**(Total for Question 12 = 25 marks)**

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Question Number	Answer	Mark																																																																																																																								
12 (a)	<p>Pip</p> <p>Trading and profit and loss account</p> <p>For year ended 31 December 2015</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 40%;"></th> <th style="width: 10%; text-align: center;">£</th> <th style="width: 10%; text-align: center;">£</th> <th style="width: 10%; text-align: center;">£</th> <th style="width: 10%;"></th> </tr> </thead> <tbody> <tr> <td>Sales</td> <td></td> <td></td> <td style="text-align: right;">487 600</td> <td style="text-align: right;">(1)</td> </tr> <tr> <td>Cost of sales</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Opening stock</td> <td></td> <td style="text-align: right;">45 000</td> <td></td> <td></td> </tr> <tr> <td>Purchases</td> <td style="text-align: right;">324 897</td> <td></td> <td></td> <td style="text-align: right;">(1)</td> </tr> <tr> <td>Returns outwards</td> <td style="text-align: right;">(12 579)</td> <td></td> <td></td> <td style="text-align: right;">(1)</td> </tr> <tr> <td>Stock drawings</td> <td style="text-align: right;">(3 290)</td> <td></td> <td></td> <td style="text-align: right;">(1)</td> </tr> <tr> <td>Carriage inwards</td> <td style="text-align: right;"><u>12 318</u></td> <td></td> <td></td> <td style="text-align: right;">(1)</td> </tr> <tr> <td></td> <td></td> <td style="text-align: right;"><u>321</u> <u>346</u></td> <td></td> <td></td> </tr> <tr> <td></td> <td></td> <td style="text-align: right;">366 346</td> <td></td> <td></td> </tr> <tr> <td>Closing stock</td> <td></td> <td style="text-align: right;"><u>56</u> <u>346</u></td> <td></td> <td></td> </tr> <tr> <td>Cost of goods sold</td> <td></td> <td></td> <td style="text-align: right;"><u>310</u> <u>000</u></td> <td style="text-align: right;">(1 of)</td> </tr> <tr> <td>Gross Profit</td> <td></td> <td></td> <td style="text-align: right;">177 600</td> <td style="text-align: right;">(1 of)</td> </tr> <tr> <td>Running expenses</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Bad debts</td> <td></td> <td style="text-align: right;">3 200</td> <td></td> <td style="text-align: right;">(1)</td> </tr> <tr> <td>Business rates (4 650 + 500)</td> <td></td> <td style="text-align: right;">5 150</td> <td></td> <td style="text-align: right;">(2)</td> </tr> <tr> <td>Carriage outwards</td> <td></td> <td style="text-align: right;">28 663</td> <td></td> <td style="text-align: right;">(1)</td> </tr> <tr> <td>General expenses</td> <td></td> <td style="text-align: right;">23 897</td> <td></td> <td style="text-align: right;">(1)</td> </tr> <tr> <td>Insurance (4 322 – 322)</td> <td></td> <td style="text-align: right;">4 000</td> <td></td> <td style="text-align: right;">(2)</td> </tr> <tr> <td>Motor expenses (27 690 – 12 000)</td> <td></td> <td style="text-align: right;">15 690</td> <td></td> <td style="text-align: right;">(2)</td> </tr> <tr> <td>Depreciation - FF</td> <td></td> <td style="text-align: right;">2 000</td> <td></td> <td style="text-align: right;">(1)</td> </tr> <tr> <td>Depreciation – MV (30 000 + 12 000) (1) - 10 000 x 25% (1)</td> <td></td> <td style="text-align: right;">8 000</td> <td></td> <td style="text-align: right;">(2)</td> </tr> <tr> <td></td> <td></td> <td></td> <td style="text-align: right;"><u>90 600</u></td> <td></td> </tr> <tr> <td>Net profit</td> <td></td> <td></td> <td style="text-align: right;"><u>87 000</u></td> <td style="text-align: right;">( 1 of)</td> </tr> </tbody> </table>		£	£	£		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> <u>346</u>			Cost of goods sold			<u>310</u> <u>000</u>	(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) - 10 000 x 25% (1)		8 000		(2)				<u>90 600</u>		Net profit			<u>87 000</u>	( 1 of)	<b>(20)</b>
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12 (b)	<p>Award up to 2 marks for comments relative to the application of the accruals concept in respect of item 4.</p> <p>Award up to 2 marks for comments relative to the application of the business entity concept in respect of item 5.</p> <p>Award 1 mark for a concluding statement</p> <p>Sample answer</p> <p>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).</p> <p>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).</p> <p>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).</p>	<b>(5)</b>

Question Number	Answer	Mark
13 (a)	<p>Omission (1)</p> <p>Original entry (1)</p> <p>Commission (1)</p>	<b>(3)</b>



Question Number	Answer	Mark
12 (b)	<p>Award up to 2 marks for comments relative to the application of the accruals concept in respect of item 4.</p> <p>Award up to 2 marks for comments relative to the application of the business entity concept in respect of item 5.</p> <p>Award 1 mark for a concluding statement</p> <p>Sample answer</p> <p>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).</p> <p>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).</p> <p>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).</p>	<b>(5)</b>

Question Number	Answer	Mark
13 (a)	<p>Omission (1)</p> <p>Original entry (1)</p> <p>Commission (1)</p>	<b>(3)</b>

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

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



14 The Great Expectations Mountaineering Club held the following assets and liabilities on 1 August 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

(a) Complete the following trial balance at 1 August 2014 showing the value of the accumulated fund at this date.

(9)

**The Great Expectations Mountaineering Club  
Trial balance at 1 August 2014**

	Debit £	Credit £
Climbing equipment at valuation		
Subscriptions in advance		
Subscriptions in arrears		
Stock of refreshments		
Cash in hand		
Bank overdraft		
Clubhouse rent in advance		
Accumulated fund		

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Question Number	Answer	Mark																														
14 (a)	<p style="text-align: center;">Trial balance at 1 August 2014</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 60%;"></th> <th style="width: 20%;">Debit</th> <th style="width: 20%;">Credit</th> </tr> </thead> <tbody> <tr> <td>Climbing equipment at valuation</td> <td style="text-align: right;">5 000 (1)</td> <td></td> </tr> <tr> <td>Members subscriptions in advance</td> <td></td> <td style="text-align: right;">240 (1)</td> </tr> <tr> <td>Members subscriptions in arrears</td> <td style="text-align: right;">75 (1)</td> <td></td> </tr> <tr> <td>Stock of refreshments</td> <td style="text-align: right;">1 560 (1)</td> <td></td> </tr> <tr> <td>Cash in hand</td> <td style="text-align: right;">216 (1)</td> <td></td> </tr> <tr> <td>Bank overdraft</td> <td></td> <td style="text-align: right;">841 (1)</td> </tr> <tr> <td>Clubhouse rent in advance</td> <td style="text-align: right;">230(1)</td> <td></td> </tr> <tr> <td>Accumulated fund</td> <td></td> <td style="text-align: right;">6 000(1of)</td> </tr> <tr> <td></td> <td style="text-align: right;"><u>7 081</u></td> <td style="text-align: right;"><u>7 081(1of)</u></td> </tr> </tbody> </table>		Debit	Credit	Climbing equipment at valuation	5 000 (1)		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 advance	230(1)		Accumulated fund		6 000(1of)		<u>7 081</u>	<u>7 081(1of)</u>	<b>(9)</b>
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15 (a) Complete the table below by placing a cross ☒ to indicate whether the item would be entered on the debit side or credit side of a cash book.

(8)

	Debit Side	Credit Side
Bank charges	☒	☒
Credit transfer	☒	☒
Direct debit	☒	☒
Dishonoured cheque	☒	☒
Dividend received	☒	☒
Interest earned	☒	☒
Interest on overdraft	☒	☒
Standing order	☒	☒

On 1 December 2015 the cash book of Copperfield, a sole trader, showed a debit balance of £1 780. On the same date a bank statement was received which showed a credit balance of £2 075.

Further investigation revealed that on that date there were uncleared lodgements of £380 and two unpresented cheques: number 12578, £425, and number 12780, £250.

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA



(b) Prepare a bank reconciliation statement as at 1 December 2015.

(7)

**Copperfield**

**Bank Reconciliation Statement as at 1 December 2015**

**(Total for Question 15 = 15 marks)**

**TOTAL FOR SECTION B = 90 MARKS**

**TOTAL FOR PAPER = 100 MARKS**



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