

Write your name here	
Surname	Other names
Pearson Edexcel	Centre Number
International GCSE	Candidate Number
Accounting Paper 1	
Friday 8 May 2015 – Morning 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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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 ☒ then mark your new answer with a cross ☒.

- 1** A business maintains a full set of books of account.

Where will the sales account appear?

- ☐ **A** General journal
- ☐ **B** General ledger
- ☐ **C** Sales journal
- ☐ **D** Sales ledger

(Total for Question 1 = 1 mark)

- 2** A business purchases goods for cash.

What are the entries in the books of the seller?

	Account to be debited	Account to be credited
☐ A	cash	debtor
☐ B	cash	sales
☐ C	debtor	cash
☐ D	sales	cash

(Total for Question 2 = 1 mark)

- 3** Which business document contains the details of purchases, returns and payments occurring during a trading period?

- ☐ **A** Credit note
- ☐ **B** Debit note
- ☐ **C** Invoice
- ☐ **D** Statement

(Total for Question 3 = 1 mark)



4 In which book of original entry will credit notes issued be recorded?

- ☐ **A** Purchases journal
- ☐ **B** Purchases returns journal
- ☐ **C** Sales journal
- ☐ **D** Sales returns journal

(Total for Question 4 = 1 mark)

5 A business purchases a new machine for use in the business on credit from T Jones.

How would this be recorded in the business's ledger?

	Account to be debited	Account to be credited
☐ A	bank	machinery
☐ B	machinery	bank
☐ C	machinery	T Jones
☐ D	T Jones	machinery

(Total for Question 5 = 1 mark)

6 When depreciating his machinery, a trader always uses the reducing balance method.

Which accounting concept is he applying?

- ☐ **A** Accrual
- ☐ **B** Consistency
- ☐ **C** Dual aspect
- ☐ **D** Going concern

(Total for Question 6 = 1 mark)

7 A trader sells goods with a list price of £6 000 on credit. The trader offers his customers trade discount of 10% and cash discount of 5%.

What amount will be recorded in the trader's sales journal?

- ☐ **A** £5 100
- ☐ **B** £5 130
- ☐ **C** £5 400
- ☐ **D** £6 000

(Total for Question 7 = 1 mark)



- 8** At the start of 2014 a club had subscriptions outstanding of £350. During the year the treasurer received subscriptions totalling £8 500, and had a further £980 outstanding at the end of the year.

What amount for subscriptions should appear in the income and expenditure account for 2014?

- ☐ **A** £7 170
- ☐ **B** £7 870
- ☐ **C** £9 130
- ☐ **D** £9 830

(Total for Question 8 = 1 mark)

- 9** During the year a trader had sales of £350 000, earning a net profit of £70 000. The expenses for the year were £17 500.

What was the gross profit margin for the year?

- ☐ **A** 20%
- ☐ **B** 25%
- ☐ **C** 50%
- ☐ **D** 75%

(Total for Question 9 = 1 mark)

- 10** A business purchases stock, paying in cash.

What is the effect of this transaction on the current (working capital) ratio and acid test (quick) ratio?

- | | Current (working capital)
ratio | Acid test (quick)
ratio |
|-----------------------------------|--|------------------------------------|
| ☐ A | decrease | decrease |
| ☐ B | decrease | increase |
| ☐ C | no change | decrease |
| ☐ D | no change | increase |

(Total for Question 10 = 1 mark)

TOTAL FOR SECTION A = 10 MARKS



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SECTION B**Answer ALL questions.**

- 11** Jali Bergerac maintains a full set of accounting books, including a three column cash book.

On 1 March 2015 Jali's records showed that he had cash in hand of £540 and an overdraft at the bank of £8 970.

During the month of March 2015 he made the following transactions.

Date	Transaction
March 3	Cash sales £500
March 7	Received a cheque from T Lee, a debtor, in settlement of his account of £150 less 2% cash discount.
March 10	Received a cheque from S Teen, a debtor, in full settlement of his account of £350.
March 12	Jali withdrew £300 from the bank for his own personal use.
March 15	Paid R Tong, a creditor, £456 by cheque after deducting 4% cash discount.
March 21	Paid wages and salaries by cheque, £425.
March 25	Cash sales, £1 430 paid directly into the bank.
March 27	The cheque received from S Teen on March 10 2015 is returned by the bank as 'dishonoured'.
March 28	Transferred £800 from the cash account into the bank account.



- (16)

[illegible]

(b) Make the necessary entries in the discounts accounts of Jali’s ledger. (2)

Discount allowed account

Date	Narrative	£	Date	Narrative	£

Discount received account

Date	Narrative	£	Date	Narrative	£

(c) Explain the meaning of the term ‘dishonoured cheque’. (2)

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.....

(Total for Question 11 = 20 marks)



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- 12** Bob and Carol are in partnership sharing profits and losses in the ratio of 2:1 respectively.

Their partnership agreement also provides for interest on capital at the rate of 5% per annum and a salary for Carol of £10 000 per annum.

After the preparation of the trading account for the year ended 31 March 2015, the following balances remained in the books.

	£
Capital accounts: Bob	100 000
Carol	50 000
Current accounts: Bob	5 623 (Cr)
Carol	6 822 (Dr)
Cash at bank	4 500 (Dr)
Cash in hand	632
Closing stock	45 981
Discount allowed	371
Discount received	521
Fixtures and fittings – cost	30 000
Fixtures and fittings – provision for depreciation	10 000
Gross profit	85 321
Heat and light	1 329
Rent	4 500
Trade creditors	3 925
Trade debtors	4 980
Wages and salaries	13 002

Additional information

Fixtures and fittings are to be depreciated at the rate of 25% per annum on a straight line basis.

On 31 March 2015 wages and salaries, £240, were outstanding, and a payment of rent, £600, for the year ending 31 March 2016 had been made.

Bob and Carol
Profit and Loss and Appropriation Account
Year ended 31 March 2015

[illegible]

11

	£
Stock	35 000
Creditors	41 200
Debtors	35 751
Expenses accrued	800
Expenses prepaid	990
Cash in hand	259
Cash at bank	3 600 (Dr)

(5)

(b) Calculate the current (working capital) ratio. State clearly the formula used.

(2)

Formula	Current (working capital) ratio

(c) Calculate the acid test (liquid) ratio. State clearly the formula used.

(2)

Formula	Acid test (liquid) ratio



	Year ended 30 April 2013	Year ended 30 April 2014
Current (working capital) ratio	2.75:1	2.4:1
Acid test (liquid) ratio	1.6:1	1.3:1

- (5)

(Total for Question 13 = 14 marks)

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- 14** Rekha and Ali Shah are in partnership. At the end of their financial year on 31 March 2015 their trial balance failed to agree with a difference of £950 on the credit side.

After an investigation by their accountant the following errors and omissions were discovered.

- 1 Rekha had withdrawn goods, costing £250, from the business for her own use. This sum had been debited to her drawings account but no other entry had been made.
 - 2 Ali had purchased some items of stationery, costing £86, out of his own personal money, for the business during the year. This transaction had not been recorded in the books of account.
 - 3 During the year a bad debt of £350, written off in the previous financial year, had been recovered. This had been debited in both the cash book and bad debts account.
 - 4 A debit balance of £3 500 shown in Rekhas's current account at the start of the year should have been transferred to her capital account. This transfer had not taken place.
- (a) Prepare the journal entries to correct these errors and omissions. Narratives are not required.

(9)

	Debit	Credit
	£	£

(b) Prepare the suspense account.

(5)

Suspense account

Date	Narrative	£	Date	Narrative	£

Complete the table by putting a cross in the correct box ☒. If you change your mind about an answer, put a line through the box ☒ and then mark your new answer with a cross ☒.

(c) Indicate the effect, if any, on the partnership’s net profit following the correction of the errors and omissions.

(4)

Error and omission	Increase	Decrease	No effect
1	☐	☐	☐
2	☐	☐	☐
3	☐	☐	☐
4	☐	☐	☐

Rekha and Ali are concerned that their partnership profitability is decreasing and wish to investigate ways in which this could be improved.

(d) (i) State **one** way in which the gross profit margin could be improved.

(1)

(ii) State **one** way in which the net profit margin could be improved.

(1)

(5)

(Total for Question 14 = 25 marks)

- 15** Columbo Manufacturing Limited maintains a full set of accounting records and prepares financial statements at the end of each financial year.

Complete the table below to show, for each item of expenditure, whether the item would be regarded as revenue expenditure or capital expenditure, and in which financial statement the item should appear at the end of the company's financial year.

The first row has been completed for you.

Item of expenditure	Type of expenditure	Financial statement
Payment of administration expenses	Revenue	Profit and loss account
Cost of improvements to factory air conditioning		
Payment of directors' salaries		
Payment of share dividend		
Payment of debenture interest		
Purchase of raw materials		
Purchase of new plant and machinery		
Cost of installing new plant and machinery		
Maintenance charges for new plant and machinery		

(Total for Question 15 = 16 marks)

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



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