

Please check the examination details below before entering your candidate information

|                                       |  |                      |                      |                      |                                 |                      |                      |                      |
|---------------------------------------|--|----------------------|----------------------|----------------------|---------------------------------|----------------------|----------------------|----------------------|
| Candidate surname                     |  |                      |                      |                      | Other names                     |                      |                      |                      |
| <b>Pearson Edexcel</b>                |  | Centre Number        |                      |                      | Candidate Number                |                      |                      |                      |
| <b>International GCSE</b>             |  | <input type="text"/> | <input type="text"/> | <input type="text"/> | <input type="text"/>            | <input type="text"/> | <input type="text"/> | <input type="text"/> |
| <b>Tuesday 12 May 2020</b>            |  |                      |                      |                      |                                 |                      |                      |                      |
| Morning (Time: 1 hour 15 minutes)     |  |                      |                      |                      | Paper Reference <b>4AC1/02R</b> |                      |                      |                      |
| <b>Accounting</b>                     |  |                      |                      |                      |                                 |                      |                      |                      |
| <b>Level 1/2</b>                      |  |                      |                      |                      |                                 |                      |                      |                      |
| <b>Paper 2 : Financial Statements</b> |  |                      |                      |                      |                                 |                      |                      |                      |
| 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.*
- Calculators may be used.

### Information

- The total mark for this paper is 50.
- The marks for **each** question are shown in brackets – *use this as a guide as to how much time to spend on each question.*

### Advice

- Read each question carefully before you start to answer it.
- Try to answer every question.
- Check your answers if you have time at the end.

Turn over ►

P63012A

©2020 Pearson Education Ltd.

1/1/1



Pearson

**Answer ALL questions. Write your answers in the spaces provided.**

- 1 Gurpreet, a sole trader, provided the following trial balance at 31 December 2019.

|   | <b>Debit<br/>\$</b> | <b>Credit<br/>\$</b> |
|---|---------------------|----------------------|
| Allowance for doubtful debts              |                     | 750                  |
| Bank                                      | 3 000               |                      |
| Drawings                                  | 10 000              |                      |
| Equity                                    |                     | 60 000               |
| Inventory                                 | 15 000              |                      |
| Motor vehicles – accumulated depreciation |                     | 25 000               |
| Motor vehicles – cost                     | 50 000              |                      |
| Office expenses                           | 16 780              |                      |
| Purchases                                 | 45 920              |                      |
| Revenue                                   |                     | 81 385               |
| Trade payables                            |                     | 3 515                |
| Trade receivables                         | 5 575               |                      |
| Wages                                     | 24 375              |                      |
| <b>Total</b>                              | <u>170 650</u>      | <u>170 650</u>       |

**Additional information**

- During the year ended 31 December 2019, a motor vehicle that was purchased during 2014 for \$10 000, was sold for \$5 760. This has not yet been recorded in the books. Depreciation is charged on motor vehicles at 10% per annum using the straight line method. A full year's depreciation is charged in the year of acquisition and none in the year of disposal.
- At 31 December 2019:
  - inventory was valued at \$12 000
  - wages owing were \$1 125
  - office expenses paid in advance were \$1 280
- A debt of \$575 should be written off as irrecoverable and the allowance for doubtful debts is maintained at 12% of trade receivables.

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA



(a) Prepare the income statement for the year ended 31 December 2019.

(20)

**Gurpreet**  
**Income statement for the year ended 31 December 2019**

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

Area with horizontal dotted lines for writing the income statement.



DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

Gurpreet is considering forming a partnership with another sole trader.

(b) Evaluate whether Gurpreet should form a partnership.

(5)

**(Total for Question 1 = 25 marks)**





- (b) (i) Prepare the current account of Taimur for the year ended 31 March 2020.  
Balance the account on this date and bring the balance down on 1 April 2020.

(6)

**Current Account – Taimur**

| Date | Details | \$ | Date | Details | \$ |
|------|---------|----|------|---------|----|
|      |         |    |      |         |    |
|      |         |    |      |         |    |
|      |         |    |      |         |    |
|      |         |    |      |         |    |
|      |         |    |      |         |    |
|      |         |    |      |         |    |
|      |         |    |      |         |    |

- (ii) State **one** reason why a debit balance may arise on a partner's current account.

(1)

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA





(d) State, indicating with a tick, (✓), the effect on working capital of **each** of the following transactions.

(6)

| Transaction                                  | Increase | Decrease | No effect |
|--|----------|----------|-----------|
| Purchase of a non-current asset by cash      |          |          |           |
| Sale of a non-current asset on credit        |          |          |           |
| Non-current asset taken by owner for own use |          |          |           |
| Purchase of inventory on credit              |          |          |           |
| Sale of inventory for cash                   |          |          |           |
| Inventory taken by the owner for own use     |          |          |           |

(Total for Question 2 = 25 marks)

**TOTAL FOR PAPER = 50 MARKS**

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

