

Please check the examination details below before entering your candidate information

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Pearson Edexcel International GCSE

Time 2 hours

Paper reference **4AC1/01**

Accounting

Level 1/2

PAPER 1: Introduction to Bookkeeping and Accounting

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 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.*

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 ►

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SECTION A

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

For questions 1–10, 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 ☒ and then mark your new answer with a cross ☒.

1 Identify which is a current liability.

- A** Cash in hand
- B** Inventory
- C** Trade receivables
- D** Trade payables

(Total for Question 1 = 1 mark)

2 Identify the book of original entry in which irrecoverable debts are recorded.

- A** Cash book
- B** Journal
- C** Purchases day book
- D** Sales day book

(Total for Question 2 = 1 mark)

3 Identify in which book of original entry a credit note received by a trader would be recorded.

- A** Purchases day book
- B** Purchases returns day book
- C** Sales day book
- D** Sales returns day book

(Total for Question 3 = 1 mark)

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4 Identify the type of error when a sales invoice for \$500 is entered in the sales day book as \$450.

- A Commission
- B Compensating
- C Original entry
- D Principle

(Total for Question 4 = 1 mark)

5 Identify what will be confirmed by preparing a trade payables ledger control account.

- A All purchase invoices have been posted
- B All supplier payments have been processed
- C Entries have been posted to the correct personal accounts
- D The closing balance agrees with the total of individual balances

(Total for Question 5 = 1 mark)

6 Identify the main purpose of providing depreciation on non-current assets.

- A To know the profit or loss on disposal
- B To provide funds for the replacement of the asset
- C To show the market value of the asset
- D To spread the cost of the asset over its useful life

(Total for Question 6 = 1 mark)

7 Identify the accounting concept being described.

“Financial statements can record only information that has a monetary value”

- A Business entity
- B Materiality
- C Money measurement
- D Prudence

(Total for Question 7 = 1 mark)



8 Identify the effect on profits if revenue expenditure is treated as capital expenditure.

- A Gross profit overstated
- B Gross profit understated
- C Profit for the year overstated
- D Profit for the year understated

(Total for Question 8 = 1 mark)

9 Identify the principle of professional ethics being described.

“Accountants must make their own judgements on the accounts”

- A Confidentiality
- B Integrity
- C Objectivity
- D Professional behaviour

(Total for Question 9 = 1 mark)

10 Identify the double entry to record goods taken for personal use by a trader.

| | Account to be debited | Account to be credited |
|----------------------------|-----------------------|------------------------|
| <input type="checkbox"/> A | Drawings | Purchases |
| <input type="checkbox"/> B | Drawings | Sales |
| <input type="checkbox"/> C | Purchases | Drawings |
| <input type="checkbox"/> D | Sales | Drawings |

(Total for Question 10 = 1 mark)

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11 Identify the source document for **each** transaction.

| Transaction | Source document |
|--|-----------------|
| Returned goods to a credit supplier | |
| Purchased refreshments for the office | |
| Received bank interest | |
| Purchased a non-current asset on credit | |
| Received a cheque from a credit customer | |

(Total for Question 11 = 5 marks)

12 (a) State **one** difference between the objectives of private sector organisations and public sector organisations.

(2)

.....

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.....

.....

(b) Identify **three** stakeholders that may have an interest in the financial statements of a private sector organisation.

(3)

1

2

3

(Total for Question 12 = 5 marks)



13 (a) State **one** accounting concept applied when making a provision for irrecoverable debts. (1)

(b) State **one** difference between an irrecoverable debt and a provision for irrecoverable debts. (2)

(c) Identify, indicating with a tick (✓), in which section of the financial statement each would appear. (2)

| | Income statement | | Statement of financial position | |
|--|------------------|----------|---------------------------------|---------------------|
| | Income | Expenses | Current assets | Current liabilities |
| Decrease in provision for irrecoverable debts | | | | |
| Balance of provision for irrecoverable debts account | | | | |

(Total for Question 13 = 5 marks)

TOTAL FOR SECTION A = 25 MARKS

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SECTION B**Answer ALL questions. Write your answers in the spaces provided.****14** A trader provided the following balances at 31 March 2022.(a) Prepare the trial balance, entering **any** difference in the suspense account.

(8)

Trial Balance at 31 March 2022

| | \$ | Debit \$ | Credit \$ |
|--|---------|-------------|--------------|
| Bank loan | 1 300 | | |
| Bank overdraft | 810 | | |
| Carriage inwards | 630 | | |
| Drawings | 12 810 | | |
| Equity | 12 380 | | |
| General expenses | 9 250 | | |
| Inventory at 1 April 2021 | 21 250 | | |
| Irrecoverable debts | 390 | | |
| Motor vehicles – Cost | 14 900 | | |
| Motor vehicles – Provision for depreciation | 8 940 | | |
| Purchases | 69 220 | | |
| Sales | 112 100 | | |
| Trade payables ledger control | 8 230 | | |
| Trade receivables ledger control | 15 420 | | |
| Suspense | | | |
| Totals | | | |

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After preparing the trial balance, **three** errors were discovered.

- The sales account had been undercast by \$200
- A payment of \$218 to Johann, a credit supplier, had been entered in the bank account correctly but had been posted to Johann's account as \$128
- A cheque received of \$130 from C Green, a credit customer, had been credited to the bank account and debited to the account of V Green.

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

(7)

Journal

| Date 2022 | Details | Debit \$ | Credit \$ |
|--------------|---------|-------------|--------------|
| Mar 31 | | | |
| | | | |
| | | | |
| | | | |
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(Total for Question 14 = 15 marks)

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15 Martina, a retailer, maintains a full set of accounting records.

On 1 April 2022, Martina owed Rafa \$640 for goods supplied.

During April 2022, the following transactions took place between Martina and Rafa.

| April 2022 | Transaction |
|---------------|--|
| 12 | Purchased goods, list price \$850, less a trade discount of 20% |
| 19 | Returned goods, list price \$100, from the order received on 12 April 2022 |
| 29 | Paid the balance owing at 1 April 2022 by credit transfer after taking a cash discount of 5% |

(a) State the book of original entry for **each** transaction.

(3)

| April 2022 | Book of original entry |
|---------------|------------------------|
| 12 | |
| 19 | |
| 29 | |

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- (b) (i) Prepare the account of Rafa for the month of April 2022. Balance the account on 30 April 2022 and bring the balance down on 1 May 2022.

(6)

Rafa Account

| Date 2022 | Details | \$ | Date 2022 | Details | \$ |
|--------------|---------|----|--------------|---------|----|
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
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- (ii) State in which section of the statement of financial position at 30 April 2022 the balance of Rafa's account would appear.

(1)

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16 (a) State **two** advantages of preparing a bank reconciliation statement.

(2)

1

2

On 28 February 2022 Nabil's bank statement showed a credit balance of \$135

On the same date the cash book showed a credit balance of \$180

The following had not been entered in the cash book:

- a direct debit for telephone, \$42
- a dishonoured cheque from Barjey Ltd, \$668
- a credit transfer from BX Trading, \$475
- cash sales banked, \$295
- cheque drawn for cash, \$120

(b) (i) Prepare the updated cash book to show the adjusted balance on 28 February 2022, bringing the balance down on 1 March 2022.

(6)

Cash Book - Bank Column

| Date 2022 | Details | \$ | Date 2022 | Details | \$ |
|--------------|---------|----|--------------|---------|----|
| Feb 28 | | | Feb 28 | | |
| | | | | | |
| | | | | | |
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At 28 February 2022 the following had not yet been processed by the bank:

- unpresented cheques, \$562
- outstanding lodgements, \$187

(ii) Prepare a bank reconciliation statement at 28 February 2022.

(6)

Bank reconciliation statement at 28 February 2022

| | |
|--|-----------|
| | \$ |
| | |
| | |
| | |
| | |
| | |

(c) State in which section of the statement of financial position at 28 February 2022 the bank balance would appear.

(1)

(Total for Question 16 = 15 marks)

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17 (a) State **two** causes of depreciation.

(2)

1

2

(b) State **one** difference between capital expenditure and revenue expenditure.

(2)

.....

.....

(c) Identify, indicating with a tick (✓), how each would be classified when a new motor vehicle is purchased.

(2)

| | Capital expenditure | Revenue expenditure |
|-----------------|---------------------|---------------------|
| Delivery cost | | |
| Motor insurance | | |

Tanet prepares his financial statements to 31 March and he provided the following information at 1 April 2021.

| | |
|---|--------|
| | \$ |
| Motor vehicles – cost | 68 000 |
| Motor vehicles – provision for depreciation | 18 240 |

On 30 June 2021, a motor vehicle purchased on 1 February 2019 costing \$30 000 was sold for \$16 400. The sale proceeds were received by credit transfer.

Tanet depreciates motor vehicles at 20% per annum using the reducing balance method. A full year's depreciation is charged in the year of purchase but none in the year of disposal.

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- (d) Calculate the carrying value at 30 June 2021 of the motor vehicle that was sold. (1)

- (e) Prepare the provision for depreciation motor vehicles account for the year ended 31 March 2022. Balance the account on that date and bring the balance down on 1 April 2022. (4)

Provision for Depreciation - Motor Vehicles Account

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

- (f) Prepare the disposal account. (4)

Disposal Account

| Date | Details | \$ | Date | Details | \$ |
|------|---------|----|------|---------|----|
| | | | | | |
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(Total for Question 17= 15 marks)

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18 Lucas provided the following information for the month ended 31 March 2022.

| | \$ |
|--|--------|
| Trade receivables ledger balances at 1 March 2022 | 48 220 |
| Trade receivables ledger balances at 31 March 2022 | 47 830 |
| Cash sales | 8 300 |
| Contra/set off to trade payables ledger | 270 |
| Credit customer's cheque dishonoured | 360 |
| Credit sales | 41 480 |
| Discount allowed | 410 |
| Discount received | 120 |
| Irrecoverable debts | 1 930 |
| Receipts from credit customers | 38 590 |
| Returns inwards | 1 030 |
| Returns outwards | 1 950 |

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