GradeMax

Please check the examination details below before entering your candidate information

Candidate surname | Other names

Centre Number | Candidate Number

Pearson Edexcel International GCSE

Monday 5 June 2023

Afternoon (Time: 1 hour 15 minutes) | **Paper reference** | **4AC1/02**

Accounting
Level 1/2
PAPER 2: Financial Statements

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 ▶

Pearson

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

1 (a) Explain the difference between the three types of inventories: raw materials, work in progress and finished goods.

(3)

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Dingle provided the following information for the year ended 31 January 2023.

	1 February 2022 $	**31 January 2023 $**
Factory machinery		
– cost	89 000	128 000
– provision for depreciation	40 500	**To be calculated**
Office equipment		
– cost	36 000	36 000
– provision for depreciation	9 000	**To be calculated**
Inventory		
– raw materials	21 200	23 600
– work in progress	19 100	18 400
– finished goods	23 000	31 750

	31 January 2023 $
Other payables – factory power	3 300
Other receivables – factory supervisor's wages	830
Factory power paid	38 200
General expenses	36 000
Insurance	7 800
Purchases of raw materials	198 045
Rent	46 000
Revenue	729 595
Royalties	41 300
Wages paid – production staff – factory supervisor – administration staff	89 700 24 000 16 590

Rent and insurance are apportioned 80% to the factory and 20% to administration.

General expenses are apportioned 90% to the factory and 10% to administration.

Depreciation is charged on:

- factory machinery at 15% per annum using the straight line method

- office equipment at 25% per annum using the reducing balance method.

A full year's depreciation is charged in the year of purchase.

(b) Prepare the manufacturing account for the year ended 31 January 2023.

(11)

Dingle
Manufacturing account for the year ended 31 January 2023

(c) Prepare the income statement for the year ended 31 January 2023.

(9)

Dingle
Income statement for the year ended 31 January 2023

(d) Explain why a manufacturer may purchase finished goods.

(2)

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(Total for Question 1 = 25 marks)

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2 (a) Explain why it is advisable to draw up a partnership agreement when forming a new partnership.

(3)

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Joan and Lewis are in partnership sharing profits and losses equally.

The partnership agreement provides for:

- interest of 8% per annum on opening capital balances

- an annual salary of $17 000 for Lewis

- interest of 5% per annum on total drawings

- interest of 6% per annum on partnership loans.

(b) Explain **one** reason why a partner may decide to provide a loan to the partnership rather than investing more capital.

(2)

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The partners provided the following information.

At 1 January 2022	$
Capital account Joan Lewis	85 000 75 000
Current account Joan Lewis	2 760 3 900
Partnership loan Lewis	10 000
At 31 December 2022	
Cash drawings Joan Lewis	5 000 7 000

The draft profit for the year ended 31 December 2022 was $56 800 before adjusting for the following errors and omissions.

• Lewis's annual salary had been included in staff salaries.

• Goods taken by Joan for her own use $1 000

• Interest on the partnership loan.

(c) Prepare the appropriation account for the year ended 31 December 2022.

(12)

Joan and Lewis
Appropriation account for the year ended 31 December 2022

	$	$
Draft profit for the year		56 800
Adjusted profit for the year		

(d) Prepare the current account of Lewis for the year ended 31 December 2022.
Balance the account on this date and bring the balance down on 1 January 2023.

(8)

Current Account – Lewis

Date	Details	$	Date	Details	$

(Total for Question 2 = 25 marks)

TOTAL FOR PAPER = 50 MARKS

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