

Please check the examination details below before entering your candidate information

Candidate surname					Other names				
Centre Number					Candidate Number				

Pearson Edexcel International GCSE

Thursday 2 November 2023

Morning (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 what a debit balance of \$100 in a cash account represents.

- A** Cash had been overspent by \$100
- B** Cash in hand was \$100
- C** Total cash paid out was \$100
- D** Total cash received was less than \$100

(Total for Question 1 = 1 mark)

2 Identify the reason for offering a cash discount.

- A** To encourage bulk buying
- B** To encourage prompt payment
- C** To gain new customers
- D** To reward loyalty

(Total for Question 2 = 1 mark)

3 Identify which transaction would be entered in both the payables ledger and the general ledger.

- A** Purchase of goods for cash
- B** Purchase of equipment by cheque
- C** Return of goods to a credit customer
- D** Return of goods to a credit supplier

(Total for Question 3 = 1 mark)

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4 Identify which transaction would **not** be entered in a business's cash book.

- A Purchase of goods by cheque
- B Purchase of goods for cash
- C Purchase of machinery on credit
- D Purchase of machinery by credit transfer

(Total for Question 4 = 1 mark)

5 Identify the book of original entry that is also part of the double entry system.

- A Cash book
- B Petty cash book
- C Purchases day book
- D Purchases returns day book

(Total for Question 5 = 1 mark)

6 Identify which **one** of the following would be entered on the **credit** side of the equity account.

- A Cash drawings
- B Goods taken for own use
- C Loss for the year
- D Profit for the year

(Total for Question 6 = 1 mark)

7 Identify which characteristic describes a public sector organisation.

- A Exists to make a profit
- B Exists to serve the community
- C Owned by a sole trader
- D Owned by a partnership

(Total for Question 7 = 1 mark)



8 Identify the professional ethic being described.

'An accountant's knowledge must be at an appropriate level.'

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

(Total for Question 8 = 1 mark)

9 Identify the accounting concept of which the recording of other payables and receivables is an application.

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

(Total for Question 9 = 1 mark)

10 Identify the accounting concept being applied when a trader always uses the same method of depreciation.

- A Accruals
- B Business entity
- C Consistency
- D Materiality

(Total for Question 10 = 1 mark)

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11 Complete the document.

Credit note			
Crew Warehouse Western Road Glasgow G3 9AB			
KP Wholesalers Elland Road Leeds LS1 1BB		No: 1816	
		Date: 12 April 2023	
Description	Quantity	Unit cost \$	Total cost \$
Lights	60	37.40	
Tyres	85	41.20	
Subtotal			
Trade discount 20%			
Total			

(Total for Question 11 = 5 marks)

12 Identify, indicating with a tick (✓), on which side of a trial balance **each** would be shown.

Account	Debit	Credit
Carriage inwards		
Carriage outwards		
Equity		
Other receivables		
Other payables		

(Total for Question 12 = 5 marks)



13 On 30 September 2023 Roberto received the following document.

Williams				
Barlow Street Manchester M60 3YY				
Roberto Sesame Street Leeds LS3 3BB			Date: 30 September 2023	
Date Sept 2023	Reference	Debit \$	Credit \$	Balance \$
1	Balance	2 560		2 560
5	Sales	2 390		4 950
14	Sales returns		80	4 870
24	Payment received		1 365	3 505
24	Discount		35	3 470
30	Balance			3 470
			Amount due	3 470

(a) State the name of the document.

(1)

(b) State **one** reason why this document was issued.

(1)

(c) State the name of the:

(2)

customer

supplier.

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(d) Calculate the percentage rate of discount on 24 September 2023.

(1)

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(Total for Question 13 = 5 marks)

TOTAL FOR SECTION A = 25 MARKS



SECTION B

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

14 (a) State the source document and book of original entry for **each** transaction.

(8)

Transaction	Source document	Book of original entry
Paid credit supplier by cheque		
Purchased goods on credit		
Returned faulty goods to credit supplier		
Purchased non-current asset on credit		

On 1 April 2023 Magnusson owed Tina, a credit supplier, \$750

The following transactions took place between them during April 2023.

April	Transaction
4	Paid the balance at 1 April 2023 by cheque after deducting a 2% cash discount.
12	Purchased goods on credit, \$2 120
22	Returned faulty goods, \$130

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(b) Prepare the account of Tina. Balance the account on 30 April 2023 and bring the balance down on 1 May 2023.

(6)

Tina Account

Date 2023	Details	\$	Date 2023	Details	\$

(c) State **one** reason why a supplier’s account could have a debit balance.

(1)

.....

.....

(Total for Question 14 = 15 marks)



15 On 31 August 2023 Jones, a sole trader, identified the following errors and omissions.

1. A withdrawal of cash for personal use, \$650, had not been recorded.
2. A payment for motor expenses, \$234, had been posted to the motor vehicles account.
3. A cheque paid for general expenses, \$65, had been entered in the cash book as \$56

- (a) Prepare journal entries to record the correction of **each** of these errors and omissions.
Narratives are not required.

(6)

	Account	Debit \$	Credit \$
August 31			

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(b) Identify, indicating with a tick (✓), the effect, if any, on the profit for the year ended 31 August 2023 following the correction of **each** error and omission. (3)

Error	Increase	Decrease	No effect
1			
2			
3			

(c) State which account is opened when a trial balance does not balance. (1)

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(d) (i) Explain **one** benefit of preparing a trial balance. (2)

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.....
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(ii) Explain **one** limitation of preparing a trial balance. (3)

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(Total for Question 15 = 15 marks)

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16 Vijul provided the following information for the year ended 31 March 2023.

	\$
Trade receivables ledger control account balance at 1 April 2022	19 900
Trade receivables ledger control account balance at 31 March 2023	To be calculated
Cash sales	1 444
Credit sales	198 301
Customer cheque dishonoured	210
Contra/set off to trade payables ledger	1 325
Discount allowed	1 274
Discount received	1 306
Irrecoverable debts	350
Receipts from credit customers	196 612
Returns inwards	570
Returns outwards	682

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(c) State **two** ways in which Vijul can encourage his credit customers to pay their accounts promptly.

(2)

1

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2

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(Total for Question 16 = 15 marks)

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17 (a) State **one** benefit of preparing a bank reconciliation statement.

(1)

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On 31 March 2023 Waan identified that the following transactions had not yet been entered in the cash book.

- Cash banked, \$350
- Cheque to restore petty cash, \$75
- Bank interest received, \$8
- Standing order for rent, \$300

(b) (i) Prepare the updated cash book on 31 March 2023 and bring the balance down on 1 April 2023.

(5)

Cash Book – Bank Column

Date 2023	Details	\$	Date 2023	Details	\$
March 31	Balance b/d	1 100			



On 31 March 2023 Waan’s bank statement showed a credit balance of \$528

She identified that the following had not been processed by the bank.

- Unpresented cheques, \$215
- Outstanding lodgements, \$770

(ii) Prepare a bank reconciliation statement at 31 March 2023.

(5)

Waan
Bank Reconciliation Statement at 31 March 2023

	\$
Updated cash book balance	

(c) State **two** characteristics of **each** method of payment.

(i) Standing order

(2)

1

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2

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(ii) Direct debit

(2)

1

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2

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(Total for Question 17 = 15 marks)

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18 (a) Explain **one** reason why it is necessary to provide for depreciation on non-current assets.

(2)

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On 1 January 2022 the balance on the motor vehicles cost account was \$76 600

On 1 March 2022 a motor vehicle was sold for \$12 000, payment being received by cheque. This motor vehicle was originally purchased on 1 January 2020 for \$18 000

On 1 June 2022 a new motor vehicle was purchased costing \$21 500, paid for by cheque.

Motor vehicles are depreciated at 25% 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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(b) Prepare the following accounts for the year ended 31 December 2022.

(9)

Motor Vehicles – Cost Account

Date	Details	\$	Date	Details	\$

Disposal Account

Date	Details	\$	Date	Details	\$

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- (c) (i) Identify, indicating with a tick (✓), the effect on gross profit if the purchase of the new vehicle was treated as revenue expenditure. (1)

Overstated	
Understated	
No effect	

- (ii) Explain why the purchase of the new motor vehicle was treated as capital expenditure. (3)

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(Total for Question 18 = 15 marks)

TOTAL FOR SECTION B = 75 MARKS
TOTAL FOR PAPER = 100 MARKS

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