

Please check the examination details below before entering your candidate information

Candidate surname	Other names
Centre Number	Candidate Number
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**Pearson Edexcel International GCSE**

**Tuesday 03 June 2025**

Afternoon (Time: 1 hour 15 minutes)	<b>Paper reference</b>	<b>4AC1/02R</b>
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**Accounting**

**Level 1/2**

**PAPER 2: Financial Statements**

<p><b>You do not need any other materials.</b></p>	<p>Total Marks</p>
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### 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 ►

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**Pearson**

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

- 1 On 31 December 2024, Jay, a sole trader, provided the following information.

	\$
Inventory at 1 January 2024	15 600
Machinery at 1 January 2024	
– Cost	75 500
– Provision for depreciation	18 750
Discount allowed	1 328
Discount received	534
General expenses	8 900
Insurance	2 080
Machinery repairs	1 500
Purchases	69 320
Rent and rates	5 600
Returns inwards	3 214
Revenue	143 200
Wages and salaries	24 560

**Additional information at 31 December 2024**

- Closing inventory was valued at \$12 900
- Machinery is depreciated at 20% per annum on a reducing balance basis. There had been no purchases or disposals of machinery during the year.
- Irrecoverable debts of \$850 were to be written off.
- Other receivables for insurance were \$250
- Other payables for wages and salaries were \$440

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(a) Prepare the income statement for the year ended 31 December 2024.

(12)

**Jay**  
**Income Statement for the year ended 31 December 2024**

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Following preparation of his income statement, Jay discovered that a payment for machinery repairs, \$500, had been entered in the machinery account.

- (b) Calculate the adjusted profit for the year ended 31 December 2024 after the correction of this error.

(4)

Jay is considering changing his method of depreciation to the straight-line method as he believes that this will increase his profit for the year.

- (c) Explain, referring to a relevant accounting concept, whether he should proceed with this proposal.

(4)



(d) Advise Jay why it is important to differentiate between capital expenditure and revenue expenditure.

(5)

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



- 2 Victoria and Albert are in partnership, sharing profits and losses equally. Their partnership agreement also provides for interest on capital and interest on drawings at 5% per annum, a salary for Victoria of \$1 000 per month and no interest on partnership loans.

On 30 April 2025, they provided the following trial balance after the preparation of the income statement for the year.

**Victoria and Albert  
Trial Balance at 30 April 2025**

	Debit \$	Credit \$
Allowance for doubtful debts		500
Bank		10 570
Capital accounts at 1 May 2024 – Victoria – Albert		50 000 30 000
Closing inventory	14 320	
Current accounts at 1 May 2024 – Victoria – Albert	2 300	3 500
Drawings – Victoria – Albert	1 800 1 200	
Fixtures and fittings – Cost – Provision for depreciation	50 000	10 000
Land and buildings (valuation)	100 000	
Motor vehicles – Cost – Provision for depreciation	30 000	15 000
Other receivables and other payables	350	650
Partnership loan – Albert (repayable December 2025)		8 000
Petty cash	250	
Profit for the year		80 000
Trade receivables and trade payables	20 000	12 000
	<u>220 220</u>	<u>220 220</u>

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(a) Prepare the appropriation account for the year ended 30 April 2025.

(5)

**Victoria and Albert  
Appropriation Account for the year ended 30 April 2025**

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(b) Prepare the statement of financial position at 30 April 2025.

(15)

**Victoria and Albert  
Statement of Financial Position at 30 April 2025**

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Victoria and Albert are considering inviting Anne to join the partnership and changing their business structure to a limited liability partnership (LLP).

(c) (i) Explain **one** advantage to the partnership of forming a limited liability partnership.

(2)

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(ii) Explain **one** reason why the partnership should account for goodwill when a new partner joins an existing partnership.

(3)

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**(Total for Question 2 = 25 marks)**

**TOTAL FOR PAPER = 50 MARKS**

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