

Please check the examination details below before entering your candidate information

Candidate surname					Other names									
Pearson Edexcel					Centre Number					Candidate Number				
International GCSE														
Tuesday 14 May 2019														
Morning (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 ►

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

1 Yu Win provided the following information.

At 1 June 2017	\$
Provision for irrecoverable debts	3 000
Fixtures and fittings	
Cost	20 000
Accumulated depreciation	5 000
Motor vehicles	
Cost	50 000
Accumulated depreciation	13 550
Inventory	37 150

At 31 May 2018	\$
Carriage inwards	3 625
Discount received	1 250
General expenses	24 375
Purchases	185 375
Purchases returns	12 500
Sales	329 500
Sales returns	15 500
Wages and salaries	38 650

During the year ended 31 May 2018:

- fixtures and fittings purchased on 1 January 2013 for \$7 500 were sold for \$5 400
- a motor vehicle costing \$20 000 was purchased.

The following adjustments have not yet been made:

- closing inventory \$43 950
- Yu Win took goods for personal use costing \$2 500
- wages and salaries owing \$1 350
- general expenses paid in advance \$1 125
- a decrease in the provision for irrecoverable debts of \$750
- depreciation charge:
 - fixtures and fittings 5% per annum straight line
 - motor vehicles 10% per annum reducing balance
 - a full year's depreciation is charged in the year of purchase and none in the year of disposal.



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QUESTION 1 (a) BEGINS ON THE NEXT PAGE.



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(a) Prepare the Income Statement for the year ended 31 May 2018.

(20)

Yu Win
Income Statement for the year ended 31 May 2018

Area for writing the Income Statement, consisting of multiple horizontal dotted lines.

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Workings

Area with horizontal dotted lines for working calculations.





(b) Prepare the Statement of Financial Position at 31 May 2018 showing the **non-current assets** section only.

(5)

Yu Win
Statement of Financial Position at 31 May 2018

Area for writing the Statement of Financial Position, consisting of multiple horizontal dotted lines.

(Total for Question 1 = 25 marks)

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QUESTION 2 BEGINS ON THE NEXT PAGE.



2 (a) State which accounting concept applies in **each** scenario. (3)

Scenario	Accounting concept
Adjusting expenses for other receivables	
Creating a provision for irrecoverable debts	
Recording goods taken for personal use	

(b) Define the terms:
(i) profitability (1)

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(ii) liquidity. (1)

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A business provided the following information.

Ratio	2018	2017
Gross profit percentage	23.50%	20.00%
Profit for the year as a percentage of revenue	15.97%	12.47%
Current (working capital) ratio	2.89:1	1.75:1
Liquid (acid test) ratio	1.57:1	0.87:1

(c) Evaluate the performance of the business over the two years.

(5)

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- (d) Identify, indicating with a tick (✓), which statements are true or false in the absence of a partnership agreement according to section 24 of the Partnership Act 1890.

The first one has been completed as an example

(4)

	True	False
<i>Profits and losses are shared equally</i>	✓	
5% interest on capital		
No interest on drawings		
5% interest on partners' loan		
All partners receive a salary		

- (e) Discuss the need for a partnership to prepare different accounts from those prepared by a sole trader.

(6)



(f) Evaluate whether a sole trader should form a partnership.

(5)

(Total for Question 2 = 25 marks)

TOTAL FOR PAPER = 50 MARKS



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