Please check the examination details below before entering your candidate information

Candidate surname	Other names

Pearson Edexcel International GCSE

Centre Number | Candidate Number

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.
- Good luck with your examination.

Turn over ▶

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

1 Thomas, a manufacturer, provided the following information for the year ended 31 March 2021 after the preparation of the manufacturing account.

	1 April 2020 $	**31 March 2021 $**
Office equipment		
– Cost	25 000	25 000
– Accumulated depreciation	9 000	12 200
Plant and machinery		
– Cost	200 000	200 000
– Accumulated depreciation	72 000	97 600
Inventories		
– Raw materials	20 000	25 000
– Work in progress	12 000	11 000
– Finished goods	27 500	30 000
Provision for irrecoverable debts	2 500	3 000
Revenue		425 000
Production cost		300 000
Administrative expenses paid		45 000
Carriage outwards		2 745
Office rent paid		24 000
Other payables – office rent		3 000
Other receivables – administrative expenses		5 000
Trade receivables		60 000
Cash in hand		800

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(a) Prepare the income statement for the year ended 31 March 2021.

(11)

Thomas
Income statement for the year ended 31 March 2021

(b) Prepare **an extract** of the statement of financial position at 31 March 2021 showing the **Assets** section only.

(9)

Thomas
Statement of financial position at 31 March 2021

Assets

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Thomas provided the following ratios for the years ended 31 March 2020 and 31 March 2021.

Ratio	2020	2021
Current (working capital)	1.8:1	2.2:1
Liquid (acid test)	0.8:1	1.2:1

Thomas stated that his liquidity position has improved.

(c) Evaluate whether liquidity has improved.

(5)

(Total for Question 1 = 25 marks)

2 (a) State **one** advantage and **one** disadvantage of forming a partnership.

(2)

Advantage

....

....

Disadvantage

....

....

Able and Beena are in partnership sharing profits and losses in the ratio 3:1.

The partnership agreement also provided for:

- interest on capital at 8% per annum
- interest on drawings at 10% per annum
- an annual salary of $7 200 for Beena.

The following information was available at 1 May 2020

Account	**Able $**	**Beena $**
Capital	75 000	25 000
Current	1 500	2 750 Dr

For the year ended 30 April 2021 profit for the year was $26 550 and total drawings were Able $16 000, Beena $10 500

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(b) Prepare the appropriation account for the year ended 30 April 2021.

(8)

Able and Beena
Appropriation account for the year ended 30 April 2021

(c) Prepare Beena's current account for the year ended 30 April 2021. Balance the account on that date and bring the balance down on 1 May 2021.

(6)

Current Account – Beena

Date	**Details**	**$**	**Date**	**Details**	**$**

(d) State **one** reason why a partner may have a debit balance in their current account.

(1)

....

....

(e) State, indicating with a tick (✓), the effect, if any, each transaction would have on a partnership's profit for the year.

(3)

Transaction	**Increase**	**Decrease**	**No effect**
A partner withdraws goods for their own use.			
A partner purchases stationery for the business from their own monies.			
A partner introduces capital into the business.			

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(f) Explain why a partnership:

(i) charges interest on drawings

(3)

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(ii) allows interest on capital.

(2)

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(Total for Question 2 = 25 marks)

TOTAL FOR PAPER = 50 MARKS

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