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Candidates surname					Other names				
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Pearson Edexcel International GCSE

Time 2 hours	Paper reference	4AC1/01
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Accounting

Level 1/2

PAPER 1: Introduction to Bookkeeping and Accounting

You do not need any other materials.	Total Marks
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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 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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Q:1/1/1/1/



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 which is a current liability.

- ☐ **A** Cash in hand
- ☐ **B** Inventory
- ☐ **C** Trade receivables
- ☐ **D** Trade payables

(Total for Question 1 = 1 mark)

2 Identify the book of original entry in which irrecoverable debts are recorded.

- ☐ **A** Cash book
- ☐ **B** Journal
- ☐ **C** Purchases day book
- ☐ **D** Sales day book

(Total for Question 2 = 1 mark)

3 Identify in which book of original entry a credit note received by a trader would be recorded.

- ☐ **A** Purchases day book
- ☐ **B** Purchases returns day book
- ☐ **C** Sales day book
- ☐ **D** Sales returns day book

(Total for Question 3 = 1 mark)

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- 4 Identify the type of error when a sales invoice for \$500 is entered in the sales day book as \$450.

- ☐ A Commission
- ☐ B Compensating
- ☐ C Original entry
- ☐ D Principle

(Total for Question 4 = 1 mark)

- 5 Identify what will be confirmed by preparing a trade payables ledger control account.

- ☐ A All purchase invoices have been posted
- ☐ B All supplier payments have been processed
- ☐ C Entries have been posted to the correct personal accounts
- ☐ D The closing balance agrees with the total of individual balances

(Total for Question 5 = 1 mark)

- 6 Identify the main purpose of providing depreciation on non-current assets.

- ☐ A To know the profit or loss on disposal
- ☐ B To provide funds for the replacement of the asset
- ☐ C To show the market value of the asset
- ☐ D To spread the cost of the asset over its useful life

(Total for Question 6 = 1 mark)

- 7 Identify the accounting concept being described.

“Financial statements can record only information that has a monetary value”

- ☐ A Business entity
- ☐ B Materiality
- ☐ C Money measurement
- ☐ D Prudence

(Total for Question 7 = 1 mark)

8 Identify the effect on profits if revenue expenditure is treated as capital expenditure.

- ☐ A Gross profit overstated
- ☐ B Gross profit understated
- ☐ C Profit for the year overstated
- ☐ D Profit for the year understated

(Total for Question 8 = 1 mark)

9 Identify the principle of professional ethics being described.

“Accountants must make their own judgements on the accounts”

- ☐ A Confidentiality
- ☐ B Integrity
- ☐ C Objectivity
- ☐ D Professional behaviour

(Total for Question 9 = 1 mark)

10 Identify the double entry to record goods taken for personal use by a trader.

	Account to be debited	Account to be credited
☐ A	Drawings	Purchases
☐ B	Drawings	Sales
☐ C	Purchases	Drawings
☐ D	Sales	Drawings

(Total for Question 10 = 1 mark)



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11 Identify the source document for **each** transaction.

Transaction	Source document
Returned goods to a credit supplier	
Purchased refreshments for the office	
Received bank interest	
Purchased a non-current asset on credit	
Received a cheque from a credit customer	

(Total for Question 11 = 5 marks)

12 (a) State **one** difference between the objectives of private sector organisations and public sector organisations.

(2)

(b) Identify **three** stakeholders that may have an interest in the financial statements of a private sector organisation.

(3)

- 1
- 2
- 3

(Total for Question 12 = 5 marks)



13 (a) State **one** accounting concept applied when making a provision for irrecoverable debts. (1)

(b) State **one** difference between an irrecoverable debt and a provision for irrecoverable debts. (2)

(c) Identify, indicating with a tick (✓), in which section of the financial statement each would appear. (2)

	Income statement		Statement of financial position	
	Income	Expenses	Current assets	Current liabilities
Decrease in provision for irrecoverable debts				
Balance of provision for irrecoverable debts account				

(Total for Question 13 = 5 marks)

TOTAL FOR SECTION A = 25 MARKS

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SECTION B**Answer ALL questions. Write your answers in the spaces provided.****14** A trader provided the following balances at 31 March 2022.(a) Prepare the trial balance, entering **any** difference in the suspense account.

(8)

Trial Balance at 31 March 2022

	\$	Debit \$	Credit \$
Bank loan	1 300		
Bank overdraft	810		
Carriage inwards	630		
Drawings	12 810		
Equity	12 380		
General expenses	9 250		
Inventory at 1 April 2021	21 250		
Irrecoverable debts	390		
Motor vehicles – Cost	14 900		
Motor vehicles – Provision for depreciation	8 940		
Purchases	69 220		
Sales	112 100		
Trade payables ledger control	8 230		
Trade receivables ledger control	15 420		
Suspense			
Totals			

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After preparing the trial balance, **three** errors were discovered.

- The sales account had been undercast by \$200
- A payment of \$218 to Johann, a credit supplier, had been entered in the bank account correctly but had been posted to Johann’s account as \$128
- A cheque received of \$130 from C Green, a credit customer, had been credited to the bank account and debited to the account of V Green.

(b) Prepare journal entries to correct the errors. Narratives are **not** required.

(7)

Journal

Date 2022	Details	Debit \$	Credit \$
Mar 31			

(Total for Question 14 = 15 marks)



15 Martina, a retailer, maintains a full set of accounting records.

On 1 April 2022, Martina owed Rafa \$640 for goods supplied.

During April 2022, the following transactions took place between Martina and Rafa.

April 2022	Transaction
12	Purchased goods, list price \$850, less a trade discount of 20%
19	Returned goods, list price \$100, from the order received on 12 April 2022
29	Paid the balance owing at 1 April 2022 by credit transfer after taking a cash discount of 5%

(a) State the book of original entry for **each** transaction.

(3)

April 2022	Book of original entry
12	
19	
29	

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(b) (i) Prepare the account of Rafa for the month of April 2022. Balance the account on 30 April 2022 and bring the balance down on 1 May 2022.

(6)

Rafa Account

Date 2022	Details	\$	Date 2022	Details	\$

(ii) State in which section of the statement of financial position at 30 April 2022 the balance of Rafa’s account would appear.

(1)

Martina currently offers only cash sales and proposes to offer credit terms to her customers.

(c) Evaluate whether Martina should proceed with this proposal.

(5)

(Total for Question 15 = 15 marks)

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16 (a) State **two** advantages of preparing a bank reconciliation statement.

(2)

1

2

On 28 February 2022 Nabil's bank statement showed a credit balance of \$135

On the same date the cash book showed a credit balance of \$180

The following had not been entered in the cash book:

- a direct debit for telephone, \$42
- a dishonoured cheque from Barjei Ltd, \$668
- a credit transfer from BX Trading, \$475
- cash sales banked, \$295
- cheque drawn for cash, \$120

(b) (i) Prepare the updated cash book to show the adjusted balance on 28 February 2022, bringing the balance down on 1 March 2022.

(6)

Cash Book - Bank Column

Date 2022	Details	\$	Date 2022	Details	\$
Feb 28			Feb 28		

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At 28 February 2022 the following had not yet been processed by the bank:

- unpresented cheques, \$562
- outstanding lodgements, \$187

(ii) Prepare a bank reconciliation statement at 28 February 2022.

(6)

Bank reconciliation statement at 28 February 2022

	\$

(c) State in which section of the statement of financial position at 28 February 2022 the bank balance would appear.

(1)

(Total for Question 16 = 15 marks)



17 (a) State **two** causes of depreciation.

(2)

1

2

(b) State **one** difference between capital expenditure and revenue expenditure.

(2)

.....

.....

(c) Identify, indicating with a tick (✓), how each would be classified when a new motor vehicle is purchased.

(2)

	Capital expenditure	Revenue expenditure
Delivery cost		
Motor insurance		

Tanet prepares his financial statements to 31 March and he provided the following information at 1 April 2021.

	\$
Motor vehicles – cost	68 000
Motor vehicles – provision for depreciation	18 240

On 30 June 2021, a motor vehicle purchased on 1 February 2019 costing \$30 000 was sold for \$16 400. The sale proceeds were received by credit transfer.

Tanet depreciates motor vehicles at 20% 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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(d) Calculate the carrying value at 30 June 2021 of the motor vehicle that was sold. (1)

(e) Prepare the provision for depreciation motor vehicles account for the year ended 31 March 2022. Balance the account on that date and bring the balance down on 1 April 2022. (4)

Provision for Depreciation - Motor Vehicles Account

Date	Details	\$	Date	Details	\$

(f) Prepare the disposal account. (4)

Disposal Account

Date	Details	\$	Date	Details	\$

(Total for Question 17= 15 marks)

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18 Lucas provided the following information for the month ended 31 March 2022.

	\$
Trade receivables ledger balances at 1 March 2022	48 220
Trade receivables ledger balances at 31 March 2022	47 830
Cash sales	8 300
Contra/set off to trade payables ledger	270
Credit customer's cheque dishonoured	360
Credit sales	41 480
Discount allowed	410
Discount received	120
Irrecoverable debts	1 930
Receipts from credit customers	38 590
Returns inwards	1 030
Returns outwards	1 950

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(a) Prepare the trade receivables ledger control account for the month ended 31 March 2022. Balance the account on this date and bring the balance down on 1 April 2022.

(8)

Trade Receivables Ledger Control Account

Date 2022	Details	\$	Date 2022	Details	\$

(b) State **two** reasons why a customer’s cheque may be dishonoured by the bank.

(2)

- 1
- 2

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Lucas is proposing to change from a manual system to a computerised system of bookkeeping.

(c) Evaluate whether Lucas should proceed with this proposal.

(5)

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(Total for Question 18 = 15 marks)

TOTAL FOR SECTION B = 75 MARKS

TOTAL FOR PAPER = 100 MARKS

