GradeMax

Please check the examination details below before entering your candidate information

Candidate surname	Other names

Centre Number | Candidate Number

Pearson Edexcel International GCSE

Monday 8 June 2026

Afternoon (Time: 1 hour 15 minutes)

Paper reference **4AC1/02R**

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 Jose and Martine have been in partnership for some years sharing profits and losses equally.

On 31 December 2025 the final accounts had been prepared and the appropriation account is shown below.

Jose and Martine
Appropriation Account for the year ended 31 December 2025

	$	$
Profit for the year		75 000
Interest on drawings		
Jose	500	
Martine	750	
		1 250
Interest on capital		
Jose	4 000	
Martine	3 000	
		(7 000)
Salary: Jose		(20 000)
Residual profit		49 250
Share of profit		
Jose	24 625	
Martine	24 625	
		49 250

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In addition, the following balances remained on the partnership books on 31 December 2025.

Account	$
Capital account at 1 January 2025 – Jose – Martine	 50 000 37 500
Current account at 1 January 2025 – Jose – Martine	 9 000 6 500
Bank	28 230
Drawings – Jose – Martine	10 000 15 000
Fixtures and fittings – cost – provision for depreciation	25 000 12 500
Inventory	8 440
Land and buildings	100 000
Other payables	190
Other receivables	400
Provision for irrecoverable debts	600
Trade payables	3 680
Trade receivables	7 900

(a) Prepare the current account of Jose for the year ended 31 December 2025.

(6)

Current Account – Jose

Date	Details	$	Date	Details	$

(b) Prepare the statement of financial position at 31 December 2025.

(14)

Jose and Martine
Statement of Financial Position at 31 December 2025

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(c) Discuss whether the partnership should continue to charge interest on drawings.

(5)

(Total for Question 1 = 25 marks)

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2 On 31 March 2026, Roger, a manufacturer, produced the following manufacturing account which was incomplete.

Roger
Manufacturing Account for the year ended 31 March 2026

	$	$
Opening inventory of raw materials	26 000	
Purchases	85 000	
Returns outwards	8 100	
Carriage inwards	5 600	
Closing inventory of raw materials	18 500	
Cost of raw materials consumed		**To be calculated**
Direct expenses	41 000	
Direct wages	126 000	
Prime cost		**To be calculated**
Depreciation	25 000	
Supervisor's salary	56 000	
Insurance	3 000	
Rent and rates	54 000	
Total overheads		**To be calculated**
Opening work in progress	35 000	
Closing work in progress	**To be calculated**	
		(5 000)
Production cost		**To be calculated**

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(a) Calculate the total of **each** item for the year ended 31 March 2026.

(5)

	$
Cost of raw materials consumed	
Prime cost	
Total overheads	
Closing work in progress	
Production cost	

Additional information at 31 March 2026

	$
Revenue	525 000
Opening inventory of finished goods	32 000
Closing inventory of finished goods	26 500
Purchases of finished goods	18 700

(b) Prepare an extract of the income statement for the year ended 31 March 2026 showing the **trading section only**.

(6)

Roger
Income Statement for the year ended 31 March 2026

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Gale is the owner of a retail business selling all goods on credit. She has provided the following information for the years ended 31 March 2025 and 2026.

	Year ended 31 March	
	2025 $000	**2026 $000**
Revenue	480	720
Cost of sales	240	396
Overheads	96	108
Profit for the year	144	216
Capital employed	500	500

(c) Complete the following table.

(9)

	Formula	**Year ended 31 March**	
		2025	**2026**
Gross profit percentage			
Profit for the year as a percentage of revenue			
Return on capital employed (correct to two decimal places)			

Gale believes that any improvement in profitability is due to an increase in turnover together with an improvement in the control of overheads.

(d) Discuss whether Gale is correct.

(5)

(Total for Question 2 = 25 marks)

TOTAL FOR PAPER = 50 MARKS

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