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Surname

Other names

**Pearson Edexcel  
International GCSE**

Centre Number

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Candidate Number

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# Accounting

## Paper 1

Friday 13 May 2016 – Morning  
**Time: 2 hours 30 minutes**

Paper Reference

**4AC0/01**

**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.*

### 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.*
- Calculators may be used.

### Advice

- Read each question carefully before you start to answer it.
- Write your answers neatly in good English.
- Try to answer every question.
- Check your answers if you have time at the end.

Turn over ►

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P 4 5 5 8 1 A 0 1 2 4  
4AC0 | 2016 | May/June | Paper 1 | GradeMax

**PEARSON**

## SECTION A

Answer ALL questions.

Some questions must be answered with a cross . If you change your mind about an answer, put a line through the box  and then mark your new answer with a cross .

1 Which of the following is a liability?

- A accrued expenses
- B cash in hand
- C debtors
- D prepaid expenses

(Total for Question 1 = 1 mark)

2 A trader withdraws stock for her own use. How would this transaction be shown in the ledger?

	Account to be debited	Account to be credited
<input type="checkbox"/> A	cash	drawings
<input type="checkbox"/> B	drawings	cash
<input type="checkbox"/> C	drawings	purchases
<input type="checkbox"/> D	purchases	drawings

(Total for Question 2 = 1 mark)

3 Which is shown on the debit side of a sales ledger control account?

- A cheques received
- B credit sales
- C discounts allowed
- D returns inwards

(Total for Question 3 = 1 mark)

4 Which transaction would be recorded in the journal?

- A cash drawings by the owner
- B cheque drawings by the owner
- C purchase of a motor vehicle on credit
- D purchase of a motor vehicle paying by cheque

(Total for Question 4 = 1 mark)

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- 5 A business maintains a petty cash system on the imprest system with a float of £250. During the month total expenditure on petty cash was £176 and £4 was received from an employee in respect of a private phone call.

How much will the petty cashier receive at the end of the month from the chief cashier?

- A £74  
 B £78  
 C £172  
 D £180

(Total for Question 5 = 1 mark)

- 6 A sale of goods on credit to Jones is entered in error in the account of Bones.

Which type of error is this an example of?

- A commission  
 B compensating  
 C omission  
 D principle

(Total for Question 6 = 1 mark)

- 7 What is the purpose of charging depreciation on fixed assets?

- A to gather a sum of money to fund a replacement fixed asset in the future  
 B to charge the cost of using the asset against income  
 C to ensure that profits are not understated  
 D to show the market value of the asset

(Total for Question 7 = 1 mark)

- 8 What entries would be made to record a decrease in a provision for doubtful debts?

	Account to be debited	Account to be credited
<input type="checkbox"/> A	profit and loss	provision for doubtful debts
<input type="checkbox"/> B	provision for doubtful debts	profit and loss
<input type="checkbox"/> C	provision for doubtful debts	debtors
<input type="checkbox"/> D	debtors	provision for doubtful debts

(Total for Question 8 = 1 mark)



- 9 On 1 April 2016 Mark's bank statement showed a credit balance of £3 700. Upon further investigation he discovered that there was an unrepresented cheque of £620 and an outstanding lodgement of £932.

What was the balance shown in the cash book on 1 April 2016?

- A £3 388 (Dr)
- B £3 388 (Cr)
- C £4 012 (Dr)
- D £4 012 (Cr)

(Total for Question 9 = 1 mark)

- 10 Which is a revenue receipt for a non profit-making organisation?

- A cash received from the proceeds of sale of club equipment
- B equipment donated by a member
- C loan received from a member
- D subscriptions for the year

(Total for Question 10 = 1 mark)

**TOTAL FOR SECTION A = 10 MARKS**



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**SECTION B**

**Answer ALL questions.**

**11** Marley sells goods on credit and allows all his customers trade discount of 25%.

(a) State **two** reasons why he offers trade discount.

(2)

1 .....

2 .....

During the month of April 2016 the following transactions took place. On 1 April 2016 Marley was owed £350 by B Cratchit and £780 by C Brown.

April	
2	Sold goods on credit to B Cratchit, list price £240
5	Sold goods on credit to C Brown, list price £761
9	Sold goods on credit to B Cratchit, list price £400
15	B Cratchit returned goods, list price £60
21	B Cratchit paid the amount owing on his account on 1 April 2016 by cheque
30	C Brown returned goods, list price £32

(b) State the source document Marley would have used to record the transactions on April 2 2016 and April 15 2016.

(2)

April	Document
2	
15	

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(c) Prepare the account of B Cratchit for the month of April 2016. Balance the account on 30 April 2016 and bring the balance down on 1 May 2016.

(9)

**B Cratchit Account**

Date	Narrative	Amount (£)	Date	Narrative	Amount (£)

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Marley supplied the following information relating to his credit purchases for the month of April 2016.

Name of Supplier	Balance on 1 April 2016	Credit purchases	Purchases returns	Payments to credit suppliers	Cash Discount
	£	£	£	£	£
E Burgh	480	890	100	456	24
L Ondon	642	208	–	608	34
S Windon	327	793	80	400	16
M Chester	300	630	30	576	24

Marley had sold goods on credit, £200, to M Chester on 23 March 2016. During April 2016 Chester agreed to set this off against the amount owed to him by Marley.

- (d) Prepare the purchases ledger control account for April 2016. Balance the account on 30 April 2016 and bring the balance down on 1 May 2016.

(10)

#### Purchases Ledger Control Account

Date	Narrative	Amount (£)	Date	Narrative	Amount (£)

- (e) State what the closing balance of the purchases ledger control account represents and where it would be shown in the financial statements.

(2)

(Total for Question 11 = 25 marks)



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- 12 The following balances remained in the books of Aaron Crow, a sole trader, after the preparation of his trading account for the year ended 30 April 2016.

	£
Gross profit	240 000
General expenses	50 000
Furniture and fittings - cost	35 000
Furniture and fittings – provision for depreciation	5 000
Stock – 30 April 2016	12 500
Long term bank loan	10 000
Premises	360 000
Debtors	42 000
Creditors	18 750
Cash in hand	500
Bank overdraft	8 325



(a) Prepare a trial balance at 30 April 2016 to calculate the capital at that date.

(12)

**Aaron Crow**

**Trial Balance at 30 April 2016**

	<b>Debit (£)</b>	<b>Credit (£)</b>
Gross profit		
General expenses		
Furniture and fittings – cost		
Furniture and fittings – provision for depreciation		
Stock – 30 April 2016		
Long term bank loan		
Premises		
Debtors		
Creditors		
Cash in hand		
Bank overdraft		
Capital		

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Aaron has advised you that he marks up his cost of sales by 25%; and that the depreciation charge for the year ended 30 April 2016, £10 000, has not yet been taken into account.

(b) Calculate for the year ended 30 April 2016:

(i) the sales for the year (2)

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(ii) the net profit for the year (2)

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(iii) the net profit percentage (2)

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(iv) the return on capital employed (2)

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Aaron has advised you that for the year ended 30 April 2015 his profitability ratios were as follows:

Mark up	30%
Net profit percentage	20%
Return on capital employed	65%

(c) Evaluate the profitability of the business for the year ended 30 April 2016.

(5)

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**(Total for Question 12 = 25 marks)**

- 13 Sohal, a manufacturer of footwear, provided the following information for the year ended 31 March 2016.

	<b>At 1 April 2015</b>	<b>At 31 March 2016</b>
	<b>£</b>	<b>£</b>
Raw materials	3 600	4 000
Work-in-progress	5 800	6 100
Finished goods	19 600	26 600

- (a) Explain the difference between each of these types of stock.

(3)

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In addition the following information was provided for the year ended 31 March 2016.

	<b>£</b>
Purchases of raw materials	390 600
Direct wages	110 000
Salary of factory supervisor	45 000
Carriage on raw materials	9 800
Sales and administration costs	159 000
Depreciation of factory machinery	33 000
Rent	30 000
Power	5 000
Insurance	8 000

The costs of rent, power and insurance are apportioned 60% to the factory and 40% to the office.

- (b) Prepare the manufacturing account for the year ended 31 March 2016.

(12)



**Sohal**

**Manufacturing Account Year ended 31 March 2016**

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Area with horizontal dotted lines for writing the Manufacturing Account.

**(Total for Question 13 = 15 marks)**



- 14 The following balances remained in the books of Rekha Limited after the preparation of the profit and loss account for the year ended 31 December 2015.

	£
Bank overdraft	17 832
Cash in hand	2 378
Closing stock	85 765
Creditors	24 598
6% Debentures (2020)	50 000
Debtors	32 879
General reserve	20 000
Ordinary share capital – (0.50p each fully paid)	300 000
Plant and equipment (accumulated depreciation)	50 000
Plant and equipment (cost)	125 000
Premises	490 000
Profit and loss account balance 1 January 2015	98 378
Provision for doubtful debts	592

The following additional information was provided at 31 December 2015.

- 1 The net profit for the year before any financial charges was £174 622.
  - 2 Debenture interest for the year is to be accrued.
  - 3 The directors have proposed to transfer £10 000 to the general reserve and pay a final dividend on ordinary shares of £0.10 per share.
- (a) Calculate the retained profit to be shown in the balance sheet at 31 December 2015.

(4)

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15 Ellen sublets parts of her premises to several tenants.

On January 1 2015 she had received rent in advance from a tenant, £800, and was owed rent by another tenant, £200.

During the year she received £13 600 in total from her tenants.

On 31 December 2015 she had received rent in advance from a tenant, £700, and was owed rent by another tenant, £350.

- (a) Prepare the rent received account for the year ended 31 December 2015 showing the amount transferred to the profit and loss account. Balance the account on that date and bring the balance down on 1 January 2016.

(7)

### Rent Received Account

Date	Narrative	Amount (£)	Date	Narrative	Amount (£)

After the preparation of the financial statements for the year ended 31 December 2015, Ellen discovered the following errors and omissions.

- 1 The purchases day book had been overcast by £450.
- 2 A payment of £732 for staff wages had been completely omitted from the accounts.
- 3 Ellen had withdrawn goods, £640, for her own use.
- 4 The purchase of a new machine, £5 000, had been debited to the motor vehicles account.



(b) Complete the following table to show clearly the effect on net profit after these errors and omissions have been corrected.

(3)

The first one has been completed as an example.

	Increase	Decrease	No effect
1	£450		
2			
3			
4			

(Total for Question 15 = 10 marks)

**TOTAL FOR SECTION B = 90 MARKS**  
**TOTAL FOR PAPER = 100 MARKS**



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