

Please check the examination details below before entering your candidate information

Candidate surname

Other names

**Pearson Edexcel
International GCSE**

Centre Number

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Candidate Number

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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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P 6 6 4 7 0 R A 0 1 1 2



Pearson

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

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Area with horizontal dotted lines for writing the income statement.

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

- (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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