

Please check the examination details below before entering your candidate information

Candidate surname

Other names

Centre Number

Candidate Number

Pearson Edexcel International GCSE

Thursday 2 November 2023

Morning (Time: 2 hours)

Paper
reference

4AC1/01

Accounting

Level 1/2

PAPER 1: Introduction to Bookkeeping and Accounting

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 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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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 what a debit balance of \$100 in a cash account represents.

- A Cash had been overspent by \$100
- B Cash in hand was \$100
- C Total cash paid out was \$100
- D Total cash received was less than \$100

(Total for Question 1 = 1 mark)

2 Identify the reason for offering a cash discount.

- A To encourage bulk buying
- B To encourage prompt payment
- C To gain new customers
- D To reward loyalty

(Total for Question 2 = 1 mark)

3 Identify which transaction would be entered in both the payables ledger and the general ledger.

- A Purchase of goods for cash
- B Purchase of equipment by cheque
- C Return of goods to a credit customer
- D Return of goods to a credit supplier

(Total for Question 3 = 1 mark)

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4 Identify which transaction would **not** be entered in a business's cash book.

- A Purchase of goods by cheque
- B Purchase of goods for cash
- C Purchase of machinery on credit
- D Purchase of machinery by credit transfer

(Total for Question 4 = 1 mark)

5 Identify the book of original entry that is also part of the double entry system.

- A Cash book
- B Petty cash book
- C Purchases day book
- D Purchases returns day book

(Total for Question 5 = 1 mark)

6 Identify which **one** of the following would be entered on the **credit** side of the equity account.

- A Cash drawings
- B Goods taken for own use
- C Loss for the year
- D Profit for the year

(Total for Question 6 = 1 mark)

7 Identify which characteristic describes a public sector organisation.

- A Exists to make a profit
- B Exists to serve the community
- C Owned by a sole trader
- D Owned by a partnership

(Total for Question 7 = 1 mark)

8 Identify the professional ethic being described.

'An accountant's knowledge must be at an appropriate level.'

- A Confidentiality
- B Integrity
- C Objectivity
- D Professional competence

(Total for Question 8 = 1 mark)

9 Identify the accounting concept of which the recording of other payables and receivables is an application.

- A Accruals
- B Business entity
- C Money measurement
- D Prudence

(Total for Question 9 = 1 mark)

10 Identify the accounting concept being applied when a trader always uses the same method of depreciation.

- A Accruals
- B Business entity
- C Consistency
- D Materiality

(Total for Question 10 = 1 mark)

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11 Complete the document.

| Credit note | | | |
|---|----------|---------------------|------------------|
| Crew Warehouse Western Road Glasgow G3 9AB | | | |
| KP Wholesalers Elland Road Leeds LS1 1BB | | No: 1816 | |
| | | Date: 12 April 2023 | |
| Description | Quantity | Unit cost \$ | Total cost \$ |
| Lights | 60 | 37.40 | |
| Tyres | 85 | 41.20 | |
| Subtotal | | | |
| Trade discount 20% | | | |
| Total | | | |

(Total for Question 11 = 5 marks)

12 Identify, indicating with a tick (✓), on which side of a trial balance **each** would be shown.

| Account | Debit | Credit |
|-------------------|-------|--------|
| Carriage inwards | | |
| Carriage outwards | | |
| Equity | | |
| Other receivables | | |
| Other payables | | |

(Total for Question 12 = 5 marks)



13 On 30 September 2023 Roberto received the following document.

| Williams | | | | |
|--|------------------|-------------|-------------------------|---------------|
| Barlow Street Manchester M60 3YY | | | | |
| Roberto Sesame Street Leeds LS3 3BB | | | Date: 30 September 2023 | |
| Date Sept 2023 | Reference | Debit \$ | Credit \$ | Balance \$ |
| 1 | Balance | 2 560 | | 2 560 |
| 5 | Sales | 2 390 | | 4 950 |
| 14 | Sales returns | | 80 | 4 870 |
| 24 | Payment received | | 1 365 | 3 505 |
| 24 | Discount | | 35 | 3 470 |
| 30 | Balance | | | 3 470 |
| Amount due | | | | 3 470 |

(a) State the name of the document.

(1)

(b) State **one** reason why this document was issued.

(1)

(c) State the name of the:

(2)

customer

supplier.

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(d) Calculate the percentage rate of discount on 24 September 2023.

(1)

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(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) State the source document and book of original entry for **each** transaction.

(8)

| Transaction | Source document | Book of original entry |
|--|-----------------|------------------------|
| Paid credit supplier by cheque | | |
| Purchased goods on credit | | |
| Returned faulty goods to credit supplier | | |
| Purchased non-current asset on credit | | |

On 1 April 2023 Magnusson owed Tina, a credit supplier, \$750

The following transactions took place between them during April 2023.

| April | Transaction |
|-------|--|
| 4 | Paid the balance at 1 April 2023 by cheque after deducting a 2% cash discount. |
| 12 | Purchased goods on credit, \$2 120 |
| 22 | Returned faulty goods, \$130 |

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(b) Prepare the account of Tina. Balance the account on 30 April 2023 and bring the balance down on 1 May 2023.

(6)

Tina Account

| Date 2023 | Details | \$ | Date 2023 | Details | \$ |
|--------------|---------|----|--------------|---------|----|
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |

(c) State **one** reason why a supplier's account could have a debit balance.

(1)

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(Total for Question 14 = 15 marks)



15 On 31 August 2023 Jones, a sole trader, identified the following errors and omissions.

1. A withdrawal of cash for personal use, \$650, had not been recorded.
2. A payment for motor expenses, \$234, had been posted to the motor vehicles account.
3. A cheque paid for general expenses, \$65, had been entered in the cash book as \$56

(a) Prepare journal entries to record the correction of **each** of these errors and omissions.
Narratives are not required.

(6)

| | Account | Debit \$ | Credit \$ |
|-----------|----------------|---------------------|----------------------|
| August 31 | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |

- (b) Identify, indicating with a tick (✓), the effect, if any, on the profit for the year ended 31 August 2023 following the correction of **each** error and omission. (3)

| Error | Increase | Decrease | No effect |
|-------|----------|----------|-----------|
| 1 | | | |
| 2 | | | |
| 3 | | | |

- (c) State which account is opened when a trial balance does not balance. (1)

- (d) (i) Explain **one** benefit of preparing a trial balance. (2)

- (ii) Explain **one** limitation of preparing a trial balance. (3)

(Total for Question 15 = 15 marks)

16 Vijul provided the following information for the year ended 31 March 2023.

| | \$ |
|---|-------------------------|
| Trade receivables ledger control account balance at 1 April 2022 | 19 900 |
| Trade receivables ledger control account balance at 31 March 2023 | To be calculated |
| Cash sales | 1 444 |
| Credit sales | 198 301 |
| Customer cheque dishonoured | 210 |
| Contra/set off to trade payables ledger | 1 325 |
| Discount allowed | 1 274 |
| Discount received | 1 306 |
| Irrecoverable debts | 350 |
| Receipts from credit customers | 196 612 |
| Returns inwards | 570 |
| Returns outwards | 682 |

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(c) State **two** ways in which Vijul can encourage his credit customers to pay their accounts promptly.

(2)

1

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2

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(Total for Question 16 = 15 marks)



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17 (a) State **one** benefit of preparing a bank reconciliation statement.

(1)

On 31 March 2023 Waan identified that the following transactions had not yet been entered in the cash book.

- Cash banked, \$350
- Cheque to restore petty cash, \$75
- Bank interest received, \$8
- Standing order for rent, \$300

(b) (i) Prepare the updated cash book on 31 March 2023 and bring the balance down on 1 April 2023.

(5)

Cash Book – Bank Column

| Date 2023 | Details | \$ | Date 2023 | Details | \$ |
|----------------------|----------------|-----------|----------------------|----------------|-----------|
| March 31 | Balance b/d | 1 100 | | | |
| | | | | | |
| | | | | | |
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On 31 March 2023 Waan's bank statement showed a credit balance of \$528

She identified that the following had not been processed by the bank.

- Unpresented cheques, \$215
- Outstanding lodgements, \$770

(ii) Prepare a bank reconciliation statement at 31 March 2023.

(5)

Waan
Bank Reconciliation Statement at 31 March 2023

| | \$ |
|---------------------------|----|
| Updated cash book balance | |
| | |
| | |
| | |

(c) State **two** characteristics of **each** method of payment.

(i) Standing order

(2)

1

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2

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(ii) Direct debit

(2)

1

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2

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(Total for Question 17 = 15 marks)

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18 (a) Explain **one** reason why it is necessary to provide for depreciation on non-current assets.

(2)

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On 1 January 2022 the balance on the motor vehicles cost account was \$76 600

On 1 March 2022 a motor vehicle was sold for \$12 000, payment being received by cheque. This motor vehicle was originally purchased on 1 January 2020 for \$18 000

On 1 June 2022 a new motor vehicle was purchased costing \$21 500, paid for by cheque.

Motor vehicles are depreciated at 25% 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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(b) Prepare the following accounts for the year ended 31 December 2022.

(9)

Motor Vehicles – Cost Account

| Date | Details | \$ | Date | Details | \$ |
|------|---------|----|------|---------|----|
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |

Disposal Account

| Date | Details | \$ | Date | Details | \$ |
|------|---------|----|------|---------|----|
| | | | | | |
| | | | | | |
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(c) (i) Identify, indicating with a tick (✓), the effect on gross profit if the purchase of the new vehicle was treated as revenue expenditure.

(1)

| | |
|-------------|--|
| Overstated | |
| Understated | |
| No effect | |

(ii) Explain why the purchase of the new motor vehicle was treated as capital expenditure.

(3)

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(Total for Question 18 = 15 marks)

TOTAL FOR SECTION B = 75 MARKS
TOTAL FOR PAPER = 100 MARKS

