PLATINUM
BUSINESS ACADEMY
0777898626

Write your name here

Surname	Other names

Pearson Edexcel International GCSE

Centre Number | Candidate Number

Accounting

Paper 1

Wednesday 7 January 2015 – 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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SECTION A

Answer ALL questions.

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 Which type of accounts are found in the purchases ledger?

☐ **A** creditors

☐ **B** debtors

☐ **C** purchases

☐ **D** sales

(Total for Question 1 = 1 mark)

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2 A sole trader withdraws cash from his business bank account for his personal use.

How would this be recorded in the business's ledger?

	Account to be debited	Account to be credited
☐ **A**	bank	capital
☐ **B**	bank	drawings
☐ **C**	capital	bank
☐ **D**	drawings	bank

(Total for Question 2 = 1 mark)

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3 Which of these accounts has a credit balance?

☐ **A** discount allowed

☐ **B** discount received

☐ **C** purchases

☐ **D** sales returns

(Total for Question 3 = 1 mark)

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4 What would be recorded on the debit side of the sales ledger control account?

☒ **A** credit sales

☒ **B** discount allowed

☒ **C** receipts from debtors

☒ **D** returns inwards

(Total for Question 4 = 1 mark)

5 A trader sells 30 items at £5 each to a credit customer, less a trade discount of 10%.
The customer returns 6 of these items.

What amount will be shown on the credit note issued?

☒ **A** £30

☒ **B** £27

☒ **C** £25

☒ **D** £24

(Total for Question 5 = 1 mark)

6 Which statement is **incorrect**?

☒ **A** assets = liabilities + capital

☒ **B** capital = assets – liabilities

☒ **C** capital – liabilities = assets

☒ **D** liabilities = assets – capital

(Total for Question 6 = 1 mark)

7 Which error would be disclosed by the preparation of a trial balance?

☒ **A** receipt by cheque from R Jones, £67, entered in the account of S Jones as £76

☒ **B** purchase of stock on credit, £290, omitted from the books

☒ **C** sale of goods on credit for £200 entered on both sides of the ledger as £20

☒ **D** wages account and sales account both overcast by £650

(Total for Question 7 = 1 mark)

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8 A business records the cost of repairing a machine in the machinery account.

What type of error is this?

☒ **A** commission

☒ **B** original entry

☒ **C** principle

☒ **D** reversal

(Total for Question 8 = 1 mark)

9 A limited company has an issued share capital of 120 000 shares at £0.50 each.
At the year end the directors propose a final dividend of £0.10 per share.

What will be the total amount of the dividend?

☒ **A** £6 000

☒ **B** £12 000

☒ **C** £18 000

☒ **D** £24 000

(Total for Question 9 = 1 mark)

10 A business's acid test ratio shows a fall over the previous year.

What could cause this fall?

☒ **A** decrease in creditors

☒ **B** decrease in stock

☒ **C** increase in cash

☒ **D** increase in bank overdraft

(Total for Question 10 = 1 mark)

TOTAL FOR SECTION A = 10 MARKS

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SECTION B

Answer ALL questions.

11 Allan Brown commenced business on 1 July 2014. On that day he:

purchased goods for resale, costing £5 000 and fixtures and fittings for use in the business, costing £8 000;

paid £3 500 into a business bank account and kept £100 on hand to pay for petty cash expenses;

received a £5 000 loan from his brother, which he paid into the business bank account.

(a) Show the opening journal entry to record these transactions.

(7)

Journal

	Debit £	Credit £

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During his first month of trading Allan paid the following expenses from petty cash.

July		£
1	Postage stamps	10
6	Bus fares	8
10	J Green – a creditor	19
14	Window cleaner	21
22	Taxi fare	12
26	Stationery	16

On 31 July Allan withdrew the appropriate amount from the bank to balance the petty cash book.

(b) Prepare the petty cash book for the month of July 2014. Balance the book on 31 July 2014 and bring the balance forward to 1 August 2014.

(9)

Petty Cash Book

Receipts	Date	Details	Total	Postage and Stationery	Travel	Cleaning	Ledger Accounts
£			£	£	£	£	£

(Total for Question 11 = 16 marks)

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12 Rachel Black, a sole trader, does not keep proper accounting records but was able to provide the following information for the year ended 31 December 2014.

	1 January 2014	**31 December 2014**
	£	**£**
Stock	1 200	1 400
Debtors	4 500	8 700
Creditors	3 678	4 321

An analysis of her cash book revealed that during the year ended 31 December 2014, Rachel had received payments of £97 800 from her debtors and paid £36 890 to her creditors. The creditors had allowed her cash discount of £1 667.

All purchases and sales are on credit.

(a) Calculate the sales for the year.

(4)

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(b) Calculate the purchases for the year.

(5)

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(c) Prepare the trading account for the year ended 31 December 2014.

(5)

Rachel Black

Trading Account for year ended 31 December 2014

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(d) Calculate the rate of stock turnover for the year ended 31 December 2014.

(2)

Formula	**Calculation**

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Rachel provided the following information for the previous two financial years.

	Year ended 31 December 2012	Year ended 31 December 2013
Stock turnover	50 times	40 times

(e) Evaluate the change in the rate of stock turnover over the three years and suggest how Rachel could improve the current figure.

(5)

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(Total for Question 12 = 21 marks)

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13 Green Limited has an authorised share capital of 500 000 ordinary shares of £0.50 each.

At the end of the company's financial year on 30 September 2014, the following balances remained in the books after the preparation of the trading and profit and loss accounts.

	£
Land and buildings (cost)	800 000
Motor vehicles (cost)	43 000
Fixtures and fittings (cost)	27 500
Motor vehicles (provision for depreciation)	13 000
Fixtures and fittings (provision for depreciation)	7 500
Trade creditors	21 689
Trade debtors	26 248
Prepaid expenses	428
Accrued expenses	286
Closing stock	43 799
Bank overdraft	56 000
Net profit for the year	116 524
General reserve	100 000
Profit and loss account balance b/f	450 976
5% Debentures	50 000
Issued share capital 250 000 ordinary shares of £0.50 each	125 000

The directors have proposed a transfer to the general reserve of £25 000 and payment of a dividend on ordinary shares of £0.05 each.

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(a) Prepare the appropriation account for the year ended 30 September 2014.

(5)

Green Limited

Appropriation Account for the year ended 30 September 2014

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(b) Prepare a balance sheet as at 30 September 2014.

(10)

Green Limited

Balance Sheet as at 30 September 2014

(Total for Question 13 = 15 marks)

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14 Red Limited manufactures footwear. It provided the following information for the year ended 31 October 2014.

	£
Stocks 1 November 2013: Raw materials	45 000
Work in progress	13 650
Finished goods	68 000
Purchases of raw materials	262 000
Carriage on raw materials	9 000
Direct factory wages	78 600
Indirect factory wages	28 930
Factory machinery – cost	350 000
Factory machinery – provision for depreciation	200 000
Factory power	22 379
Heat and light	26 000
Insurance	1 500
Rent and rates	8 000
Stocks 31 October 2014: Raw materials	51 000
Work in progress	13 709
Finished goods	76 000

Additional information

On 31 October 2014 insurance paid in advance amounted to £500 and direct factory wages owing were £6 400.

Heat and light, insurance, and rent and rates are to be apportioned ¾ to the factory and ¼ to the administration building.

Factory machinery is depreciated at the rate of 25% on the reducing balance basis.

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(a) Prepare the manufacturing account for the year ended 31 October 2014.

(10)

Red Limited

Manufacturing Account for the year ended 31 October 2014

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After preparation of the manufacturing account for the year ended 31 October 2014, a profit and loss account was prepared for the same period. It showed that net profit for the year was £113 000. The balance sheet showed that capital employed on 1 November 2013 was £565 000.

The return on capital employed has decreased from 28% for the year ended 31 October 2012 to 25% for the year ended 31 October 2013.

(b) (i) Calculate the return on capital employed for the year ended 31 October 2014. Use the capital employed figure on 1 November 2013 for your calculation.

(2)

Formula	Calculation

(ii) Evaluate the significance of this ratio for Red Limited and state, with reasons, whether you believe that the company is operating efficiently.

(5)

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(Total for Question 14 = 17 marks)

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15 Mary Grey, a sole trader, commenced business on 1 January 2012. On that day she purchased the following motor vehicles on credit from B Lue Motor Traders, for use in the business.

Vehicle 1	Delivery van £10 000
Vehicle 2	Salesman's car £15 000

The business's depreciation policy stated that depreciation is provided at 25% on a straight line basis on all motor vehicles owned at the year end. A full year's depreciation is charged in the year of purchase, but no depreciation is charged in the year of sale.

On 1 July 2014 Mary decided to sell her delivery van to another trader for £2 500. This amount was received in cash.

Prepare the following accounts for the years ended 31 December 2012 to 31 December 2014. Balance the accounts, where appropriate, and bring down the balances on 1 January 2015.

(21)

You can use this space for your workings

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Motor Vehicle Account

Date	Narration	£	Date	Narration	£

Provision for Depreciation Account

Date	Narration	£	Date	Narration	£

Asset Disposal Account

Date	Narration	£	Date	Narration	£

(Total for Question 15 = 21 marks)

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