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Other names

**Pearson Edexcel  
International GCSE**

Centre Number

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Candidate Number

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# Accounting

## Paper 1

Friday 12 May 2017 – 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.**

**Some questions must be answered with a cross in a 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 document should a business issue on receipt of returned goods?

- ☐ **A** credit note
- ☐ **B** debit note
- ☐ **C** purchase invoice
- ☐ **D** receipt

**(Total for Question 1 = 1 mark)**

**2** Which type of accounts are found in the purchases ledger?

- ☐ **A** creditors
- ☐ **B** debtors
- ☐ **C** purchases
- ☐ **D** sales

**(Total for Question 2 = 1 mark)**

**3** Bad debts written off would be entered in which book of original entry?

- ☐ **A** cash book
- ☐ **B** journal
- ☐ **C** purchases book
- ☐ **D** sales book

**(Total for Question 3 = 1 mark)**

**4** Where is the balance of the bad debts account transferred to at the end of the year?

- ☐ **A** profit and loss account
- ☐ **B** purchases ledger control account
- ☐ **C** sales ledger control account
- ☐ **D** trading account

**(Total for Question 4 = 1 mark)**



5 Which is not recorded on the debit side of a purchases ledger control account?

- ☐ A discount received
- ☐ B interest charged
- ☐ C returns outwards
- ☐ D sales ledger set offs

(Total for Question 5 = 1 mark)

6 A business decides to include the cost of small items of office equipment as expenses in the profit and loss account.

Which accounting concept is being applied?

- ☐ A accruals
- ☐ B business entity
- ☐ C materiality
- ☐ D prudence

(Total for Question 6 = 1 mark)

7 In a manufacturing business, which of the following is a factory overhead?

- ☐ A carriage inwards on raw materials
- ☐ B factory supervisor's salary
- ☐ C hiring of special machinery
- ☐ D manufacturing wages

(Total for Question 7 = 1 mark)



8 A manufacturing company provided the following information:

	£
Closing work in progress	3 300
Factory overheads	83 000
Opening work in progress	2 600
Prime cost	121 000

What was the production cost?

- ☐ A £203 300
- ☐ B £204 000
- ☐ C £204 700
- ☐ D £209 900

(Total for Question 8 = 1 mark)

9 How is interest on drawings treated in the final accounts of a partnership?

	Account to be debited	Account to be credited
<input type="checkbox"/> A	appropriation	current
<input type="checkbox"/> B	current	appropriation
<input type="checkbox"/> C	current	profit and loss
<input type="checkbox"/> D	profit and loss	current

(Total for Question 9 = 1 mark)



- 10** Tom and Jerry are in partnership sharing profits and losses in the ratio of 3:2. Their partnership provides a salary for Tom of £5 000 per annum. During the year their net profit was £25 000.

What would Tom's share of the profit be?

- ☐ **A** £10 000
- ☐ **B** £12 000
- ☐ **C** £12 500
- ☐ **D** £18 000

(Total for Question 10 = 1 mark)

**TOTAL FOR SECTION A = 10 MARKS**

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## SECTION B

**Answer ALL questions.**

- 11** The following information was extracted from the books of Randall for the month of March 2017.

	£
Amount owing by debtors 1 March 2017	4 290
Credit sales	4 800
Cash sales	1 000
Returns inwards	320
Bad debts	253
Discount allowed	66
Customer's cheque dishonoured	210
Receipts from debtors	5 421

- (a) Prepare the sales ledger control account for the month of March 2017. Balance the account on 31 March 2017 and bring the balance down to 1 April 2017.

(8)

### Sales Ledger Control Account

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



Randall purchases goods from several suppliers who all offer him trade discount of 10%. All purchases are subject to VAT at the rate of 20%.

During the month of April 2017 the following transactions took place.

April	Transaction
3	Purchased goods from T Hinds, list price £320
6	Purchased goods from R Tibbs, list price £1 390
10	Returned goods to T Hinds, list price £86
12	Purchased goods from W Brown, list price £890
24	Returned goods to R Tibbs, list price £210
28	Purchased goods from T Hinds, list price £450
30	Purchased goods from W Brown, list price £760

- (b) Prepare Randall's purchases book and purchases returns book for the month of April 2017, showing the totals for the month.

(9)

### Purchases Book

Date	Name	£	£	£

### Purchases Returns Book

Date	Name	£	£	£



(c) State **three** reasons why Randall's suppliers offer trade discount.

(3)

1 .....

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2 .....

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3 .....

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(Total for Question 11 = 20 marks)







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- 12** On 28 February 2017 the following balances remained in the books of R Hopkins after the preparation of the trading and profit and loss account for the year.

	£
Capital	10 000
Cash at bank	3 126
Cash in hand	289
Creditors	5 288
Debtors	7 429
Drawings	5 321
Fixtures and fittings (net book value)	1 900
Motor vehicles (net book value)	15 400
Net profit	23 698
Stock	5 521

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(a) Prepare the balance sheet of R Hopkins as at 28 February 2017.

(4)

**R Hopkins**

**Balance Sheet as at 28 February 2017**

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After the preparation of the balance sheet the following errors and omissions were discovered.

1. No entry had been made in the books for goods, costing £350, taken by R Hopkins for his own use.
2. The annual charge for depreciation of fixtures and fittings had been omitted. The policy is to depreciate fixtures and fittings by 25% of the net book value.
3. The purchase of a new motor vehicle on credit from DEF Traders, costing £12 000, had been omitted from the books.
4. One of the debtors had ceased trading on 31 January 2017 owing £876. This should have been written off as a bad debt.
5. Motor vehicle running costs for the year totalling £1 500 had been entered in error in the motor vehicles account.

(b) State the type of error in (5) above.

(1)



- (c) Prepare journal entries to correct these errors and omissions. Narratives are **not** required.

(10)

**The Journal**

	£	£

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R Hopkins' policy is to depreciate motor vehicles at the rate of 25% on a reducing balance basis, with a full year's depreciation being charged in the year of purchase.

- (d) Calculate the additional amount of depreciation to be charged on motor vehicles after the above errors and omissions have been corrected.

(3)

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- (e) State **two** accounting concepts that are relevant to the calculation of depreciation.

(2)

1 .....

2 .....

**(Total for Question 12 = 20 marks)**



- 13** The following information was extracted from the records of the Bowlers Cricket Club for the year ended 31 March 2017.

	<b>1 April 2016 (£)</b>	<b>31 March 2017 (£)</b>
Subscriptions in arrears	340	480
Subscriptions in advance	200	130
Stock of refreshments	421	389
Creditors for refreshments	152	143
Clubhouse (cost)	5 000	5 000
Equipment (net book value)	3 000	2 800

The treasurer also provided the following summarised receipts and payments account for the year ended 31 March 2017.

### Receipts and Payments Account

	<b>£</b>		<b>£</b>
Balance 1 April 2016	1 267	Payments to creditors	3 070
Sale of refreshments	5 433	Equipment	1 500
Donations	5 000	Sundry expenses	3 500
Subscriptions	8 000	Greenkeeper's wages	9 000
		Balance c/d	2 630
	19 700		19 700
Balance b/d	2 630		



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(a) Calculate the accumulated fund on 1 April 2016.

(3)

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(b) Prepare the subscriptions account for the year ended 31 March 2017. Balance the account on that date and bring the balance down on 1 April 2017.

(6)

**Subscriptions Account**

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





(c) Prepare the refreshments trading account for the year ended 31 March 2017.

(8)

**Bowlers Cricket Club**  
**Refreshments Trading Account**  
**Year ended 31 March 2017**

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(8)

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**(Total for Question 13 = 25 marks)**

- 14** The following information relates to two businesses in the same trade, at the year ended 31 December 2016.

	<b>Brown £</b>	<b>Blair £</b>
Sales	350 000	430 000
Gross profit	157 500	107 500
Net profit	35 000	64 500
Capital employed	437 500	537 500

- (a) Calculate, for the year ended 31 December 2016, the following ratios, for each business. State clearly the formula used.

(9)

<b>Ratio</b>	<b>Formula</b>	<b>Brown</b>	<b>Blair</b>
Gross profit percentage			
Net profit percentage			
Return on capital employed			



(5)

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**(Total for Question 14 = 14 marks)**

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- (a) Complete the following table to indicate with a tick (✓) whether the transactions are capital expenditure or revenue expenditure.

Transaction	Capital expenditure	Revenue expenditure
Insurance		
Delivery charge		
Import duty		
Maintenance contract		
Operator training cost		
Installation		

- (b) Evaluate, using an appropriate example, the effect on a business's financial statements of the incorrect treatment of capital expenditure and revenue expenditure.

(5)

**(Total for Question 15 = 11 marks)**

**TOTAL FOR PAPER = 100 MARKS**



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