Candidate surname | Other names

Pearson Edexcel International GCSE

Centre Number | Candidate Number

Monday 4 May 2020

Morning (Time: 2 hours) | Paper Reference **4AC1/01R**

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.

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SECTION A

Answer ALL questions in this section. 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   Which account has a credit balance?

⊠   **A**   Discount allowed

⊠   **B**   Discount received

⊠   **C**   Purchases

⊠   **D**   Sales returns

(Total for Question 1 = 1 mark)

2   The skills and knowledge of a workforce is **not** shown as an asset in the financial statements.

Which accounting concept is being applied?

⊠   **A**   Business entity

⊠   **B**   Consistency

⊠   **C**   Materiality

⊠   **D**   Money measurement

(Total for Question 2 = 1 mark)

3   A business always uses the reducing balance method of depreciation.

Which accounting concept is being applied?

⊠   **A**   Accruals

⊠   **B**   Consistency

⊠   **C**   Materiality

⊠   **D**   Prudence

(Total for Question 3 = 1 mark)

4 Which statement is **incorrect**?

- ☒ **A** Assets = liabilities + capital
- ☒ **B** Capital = assets − liabilities
- ☒ **C** Capital − liabilities = assets
- ☒ **D** Liabilities = assets − capital

(Total for Question 4 = 1 mark)

5 In which book of original entry should the correction of an error be made?

- ☒ **A** Cash book
- ☒ **B** Journal
- ☒ **C** Purchases day book
- ☒ **D** Purchases returns day book

(Total for Question 5 = 1 mark)

6 Which business document contains details of purchases, returns and payments?

- ☒ **A** Credit note
- ☒ **B** Debit note
- ☒ **C** Invoice
- ☒ **D** Statement

(Total for Question 6 = 1 mark)

7 Which is recorded on the credit side of a trade payables ledger control account?

- ☒ **A** Discounts received
- ☒ **B** Contra to trade receivables ledger
- ☒ **C** Interest charged by supplier
- ☒ **D** Purchases returns

(Total for Question 7 = 1 mark)

Turn over ▶

8 Where would an expense paid in advance be shown?

- ☒ **A** Current assets: Other payables
- ☒ **B** Current liabilities: Other payables
- ☒ **C** Current asset: Other receivables
- ☒ **D** Current liabilities: Other receivables

(Total for Question 8 = 1 mark)

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

- ☒ **A** Purchase of goods on credit, $290, omitted from the books
- ☒ **B** Receipt of a cheque from Jones, $56, entered in the account of James as $65
- ☒ **C** Sale of goods on credit for $350 entered on both sides of the ledger as $250
- ☒ **D** Wages account and revenue account both overcast by $100

(Total for Question 9 = 1 mark)

10 Which entry will correct the error if $30 discount allowed had been posted to the credit of discount received?

		Debit	$	Credit	$
☒	**A**	Discount allowed Discount received	30 30	Suspense	60
☒	**B**	Discount received	30	Suspense	30
☒	**C**	Suspense	30	Discount allowed	30
☒	**D**	Suspense	60	Discount allowed Discount received	30 30

(Total for Question 10 = 1 mark)

11 Complete the document.

<table>
<tr><td colspan="4" align="center">Credit Note
DP Traders
42 Bell Road
Cardiff
CF45 2BB</td></tr>
<tr><td colspan="2">McBain
Harrow House
London
E14 1AA</td><td colspan="2">No. 6214

Date 3 April 2020</td></tr>
<tr><td align="center">Description</td><td align="center">Quantity</td><td align="center">Unit cost
$</td><td align="center">Total cost
$</td></tr>
<tr><td align="center">Games</td><td align="center">16</td><td align="center">8.50</td><td>..................................</td></tr>
<tr><td align="center">Batteries</td><td align="center">112</td><td align="center">0.75</td><td>..................................</td></tr>
<tr><td colspan="3">Subtotal</td><td>..................................</td></tr>
<tr><td colspan="3">Trade discount 20%</td><td>..................................</td></tr>
<tr><td colspan="3">Total</td><td>..................................</td></tr>
</table>

(Total for Question 11 = 5 marks)

12 Complete the table, using a tick (✓), to indicate how **each** item would be classified when a new motor vehicle is purchased.

Item	Capital expenditure	Revenue expenditure
Vehicle cost		
Delivery cost		
Insurance		
Additional shelving		
Fuel		

(Total for Question 12 = 5 marks)

13 Juan maintains a provision for irrecoverable debts at 5% of trade receivables.

The balance of the provision at 1 May 2019 was $3 122

At 30 April 2020 the balance of Juan's trade receivables ledger control account was $58 200 of which $1 600 was irrecoverable.

(a) Prepare the journal entry to write off the irrecoverable debt.

A narrative **is** required.

(3)

Journal

Date	Details	Debit $	Credit $
30 April 2020			

(b) Calculate the balance of the provision for irrecoverable debts account at 1 May 2020.

(2)

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(Total for Question 13 = 5 marks)

TOTAL FOR SECTION A = 25 MARKS

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SECTION B BEGINS ON THE NEXT PAGE.

SECTION B

Answer ALL questions in this section. Write your answers in the spaces provided.

14 Leon buys and sells goods only on credit.

(a) Complete the table.

(6)

Transaction	Source document	Book of original entry
Sold goods		
Received payment from customer		
Purchased a non-current asset on credit		

On 1 March 2020 the balance owing by Leon to Jay, a credit supplier, was $1 250

The following transactions took place during March 2020.

March	Transaction
3	Purchased goods on credit, $615
8	Returned faulty goods, $38
23	Paid the balance at 1 March 2020 by direct debit after deducting 2% cash discount.

(b) (i) Prepare Jay's account. Balance the account on 31 March 2020 and bring the balance down on 1 April 2020.

(6)

Jay's Account

Date	Details	$	Date	Details	$

(ii) Identify, indicating with a tick (✓), the ledger in which Jay's account would be maintained in Leon's books.

(1)

Nominal ledger	
Receivables ledger	
Payables ledger	

(c) State **one** reason why a business offers:

(i) trade discount

(1)

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(ii) cash discount.

(1)

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(Total for Question 14 = 15 marks)

15 Suda maintains a three-column cash book.

On 1 April 2020 the balances were cash in hand, $85, and bank overdraft, $540

The following transactions occurred during April 2020.

April	Transaction
4	Paid a cheque to Flolite after taking a cash discount of 3% in full settlement of its account balance of $400
8	Sold goods for cash, $855
14	Paid cash into the bank, $900
16	Paid cash for stationery, $26
24	Received a cheque from Kai, $735, net of a cash discount of 2%
29	Paid wages by cheque, $418
30	Paid electricity by standing order, $600

(a) Prepare the cash book for the month of April 2020.

Balance the cash book on 30 April 2020 and bring the balance down on 1 May 2020.

(14)

Cash Book

Date 2020	Details	Discount allowed $	Cash $	Bank $	Date 2020	Details	Discount received $	Cash $	Bank $

(b) State whether the bank balance at 30 April 2020 is an asset or a liability.

(1)

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(Total for Question 15 = 15 marks)

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QUESTION 16 BEGINS ON THE NEXT PAGE.

16 Matthew provided the following information for the year ended 31 March 2020.

	$
At 1 April 2019	
Trade receivables ledger control account balance	92 130
For the year ended 31 March 2020	
Cash sales	8 280
Credit sales	564 270
Customer's cheque dishonoured	1 560
Discount allowed	4 880
Irrecoverable debts	2 600
Payables ledger set-off	1 290
Receipts from credit customers	542 730
Returns inwards	3 450

(a) Prepare the trade receivables ledger control account for the year ended 31 March 2020. Balance the account on that date and bring the balance down on 1 April 2020.

(10)

Trade Receivables Ledger Control Account

Date	Details	$	Date	Details	$

(b) Evaluate **two** benefits of maintaining a trade receivables ledger control account.

(5)

1 ....

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2 ....

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(Total for Question 16 = 15 marks)

17 (a) Prepare the trial balance from the list of balances.

(8)

Trial balance at 31 March 2020

Account	Balance $	Trial balance	
		Debit $	Credit $
Bank loan	2 000		
Bank overdraft	160		
Carriage outwards	650		
Discount received	190		
Drawings	5 130		
Equity	19 500		

Fixtures and fittings
  – cost
  – provision for depreciation
	24 400
	6 350		

General expenses	16 870		
Inventory at 1 April 2019	18 750		
Provision for irrecoverable debts	300		
Purchases	42 630		
Returns inwards	2 580		
Revenue	88 320		
Trade payables ledger control account	5 230		
Trade receivables ledger control account	11 040		
Total			

(b) State **each** type of error.

(2)

Error	Type of error
Purchase of a motor vehicle had been entered in the motor expenses account.	
Wages paid had been posted to the general expenses account.	

(c) State **one** benefit of computerised bookkeeping.

(1)

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(d) State **two** methods of protecting data from unauthorised access.

(2)

1 ....

2 ....

(e) State **one** difference between a public sector organisation and a private sector organisation.

(2)

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(Total for Question 17 = 15 marks)

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18 At 1 January 2019 the balance on the machinery account was $18 000 and the balance on the provision for depreciation machinery account was $9 000

Machinery is depreciated at 20% per annum using the straight line method. A full year's depreciation is charged in the year of purchase but none in the year of sale.

On 30 June 2019 a machine purchased on 30 September 2017 costing $4 200 was sold for $2 000. The payment was received by cheque.

(a) Calculate the total depreciation charged on the machine that was sold.

(1)

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(b) Prepare the provision for depreciation machinery account for the year ended 31 December 2019. Balance the account on 31 December 2019 and bring the balance down on 1 January 2020.

(5)

Provision for Depreciation – Machinery Account

Date	Details	$	Date	Details	$

(c) Prepare the asset disposal account.

(4)

Asset Disposal Account

Date	Details	$	Date	Details	$

(d) Evaluate the effect on the business's financial statements of a change in the depreciation method for machinery to reducing balance.

(5)

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(Total for Question 18 = 15 marks)

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

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