

Write your name here

Surname

Other names

Edexcel**International GCSE**

Centre Number

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Candidate Number

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Accounting

Paper 1

Wednesday 11 January 2012 – Afternoon

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.*

Advice

- Read each question carefully before you start to answer it.
- Write your answers neatly and in good English.
- Try to answer every question.
- Check your answers if you have time at the end.

Turn over ►

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PEARSON

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 A business maintains a full set of books of account. Where will the purchases account appear?

- A** general journal
- B** general ledger
- C** purchases journal
- D** purchases ledger

(Total for Question 1 = 1 mark)

2 A business buys goods for resale, paying cash. What are the entries in the business's books?

- | | account debited | account credited |
|--|------------------------|-------------------------|
|--|------------------------|-------------------------|

(Total for Question 2 = 1 mark)

3 The totals of the discount columns in a trader's cash book were £350 debit and £100 credit. What entry will the trader make in the discount received account?

- A** £100 credit
- B** £350 credit
- C** £100 debit
- D** £350 debit

(Total for Question 3 = 1 mark)



4 Which of the following transactions represents capital expenditure to a sole trader?

- A additional capital invested by the owner
- B cash withdrawn by the owner
- C expenditure on the improvement of fixed assets
- D expenditure to finance day-to-day expenses

(Total for Question 4 = 1 mark)

5 Which of the following statements **best** describes a balance sheet?

- A a statement of the assets, liabilities and capital of a business on a certain date
- B a list of balances remaining on a business's books on a certain date
- C a summary of a business's transactions for the year
- D an account showing the financial position of a business at the year end

(Total for Question 5 = 1 mark)

6 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 production machinery
- D manufacturing wages

(Total for Question 6 = 1 mark)

7 What will be the effect on a sole trader's balance sheet of the writing off of a bad debt?

- A capital reduced and assets reduced
- B liabilities increased and assets reduced
- C liabilities reduced and assets increased
- D no effect on assets or liabilities

(Total for Question 7 = 1 mark)



8 Which of the following categories of ratios measures the ability of a company to pay its obligations as they become due?

- A capital structure
- B efficiency
- C liquidity
- D profitability

(Total for Question 8 = 1 mark)

9 Senga and Sara are in partnership. They provide the following information:

Capital account – Senga	12 000
Capital account – Sara	16 000
Current account – Senga	4 800 Cr
Current account – Sara	4 000 Dr

What is the total of the capital section in the balance sheet?

- A £ 27 200
- B £ 28 000
- C £ 28 800
- D £ 36 800

(Total for Question 9 = 1 mark)

10 A trader always uses the straight line method of depreciation for all motor vehicles. Which accounting concept is he applying?

- A accrual
- B consistency
- C dual aspect
- D going concern

(Total for Question 10 = 1 mark)

TOTAL FOR SECTION A = 10 MARKS



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SECTION B**Answer ALL questions.**

- 11 (a) Asha Burat has been in business for some years. During December 2011 the following transactions took place. Complete the table by stating the correct source document for each transaction.

(6)

Transaction	Source Document
Purchased stock on credit from H Kumar	
Paid for stamps in cash	
Returned stock to a supplier which had previously been bought on credit	
Deposited takings into his bank account	
Payment received from a customer by credit transfer	
Sent a customer a request for payment for work completed in November 2011	

The following information has been extracted from the books of account of Asha Burat for the month ended 31 December 2011. VAT is charged at 10%.

	£
Balance on VAT account – 1 December 2011	3 400 (Cr)
Cash sales (including VAT)	9 350
Payments to Revenue and Customs	3 400
VAT on credit purchases	867
VAT on credit sales	965
VAT on petty cash expenditure	34
VAT on returns inwards	89
VAT on returns outwards	54
Balance on VAT account – 31 December 2011	To be calculated



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- 12** Hinge and Bracket are in partnership sharing profits and losses in the ratio 2:1. Their partnership agreement allows for interest on capital at 5% per annum and a partnership salary to Hinge of £10 000 per annum.

The following trial balance was extracted from the books of the partnership on 31 December 2011.

	Dr	Cr
	£	£
Bank	9 400	
Capital accounts: Hinge		200 000
Bracket		70 000
Current accounts: Hinge		13 750
Bracket	1 500	
Creditors		14 700
Debtors	29 000	
Drawings: Hinge	14 000	
Bracket	17 500	
Land and buildings at cost	250 000	
Motor expenses	13 850	
Motor vehicles at cost	36 000	
Provision for depreciation – Motor vehicles		6 000
Purchases	196 000	
Rent, rates and insurance	16 800	
Sales		320 000
Stock at 1 January 2011	13 900	
Wages and salaries	26 500	
	<u>624 450</u>	<u>624 450</u>

The following additional information at 31 December 2011 should be taken into account:

1. Stock at 31 December 2011 was valued at £16 200.
2. Wages and salaries of £3 500 were accrued at 31 December 2011.
3. A provision for doubtful debts of 3% of debtors at 31 December 2011 is to be created.
4. Motor vehicles are to be depreciated by 20% per annum using the diminishing (reducing) balance method. No depreciation is to be charged on land and buildings.



14 On 31 August 2011 Mr Wong received his bank statement, which stated that he owed his bank £650 on that date. He checked this against his cash book which showed a balance on his bank account of £1 003 Dr. On comparing the bank statement with his cash book, he identified several differences.

His bank statement showed a direct debit on 10 August for £125 in favour of the local council and a credit transfer from a customer for £200 on 21 August, neither of which had been entered in the cash book.

He also discovered that his bank had not taken account of monies which he had paid in the previous day totalling some £1 926 and that a cheque for £198 had not yet been presented to the bank for payment. Both these items had been entered in his cash book.

(a) State three other items that could be recorded in the bank statement before they are entered in the cash book.

(3)

(i)

(ii)

(iii)

(b) Starting with the balance in the cash book on 31 August 2011 update the cash book with the outstanding items. Balance the cash book at that date and bring the balance down on 1 September 2011.

(4)

Cash Book (Bank Columns)

Date	Narration	Bank (£)	Date	Narration	Bank (£)



(c) Draw up the bank reconciliation statement at 31 August 2011.

(4)

Mr Wong
Bank Reconciliation Statement
As at 31 August 2011

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(d) Explain **two** advantages to Mr Wong of drawing up a bank reconciliation statement.

(4)

Advantage 1

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Advantage 2

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(Total for Question 14 = 15 marks)



15 The trainee accountant of Mozart and Son produced a draft profit and loss account which showed a net profit for the year ended 31 November 2011 of £56 900.

During the following month several errors and omissions were identified. These were:

1. The cost of repairs to a delivery van of £680 had been debited to the motor vehicles account.
2. The sales day book had been undercast by £250.
3. A payment of £500 for insurance had been completely omitted from the accounts.
4. A cheque for £300 received from T Jones, a debtor, had been credited to the account of T Bones.
5. Discount received of £850 had been charged as an expense in the profit and loss account.
6. A payment of £890 for rates had been debited to the rent account.

Complete the following table to show clearly the effect on net profit **after these errors and omissions have been corrected**. If there is no effect, write 'no effect' in the correct column.

The first one has been completed as an example.

	Increase	Decrease	No effect
1		£680	
2			
3			
4			
5			
6			

(Total for Question 15 = 10 marks)

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



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