

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 9 January 2013 – 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 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 Which transaction would be recorded in the purchases ledger?

- A a payment by cheque to a credit supplier
- B payment received from a debtor
- C purchase of goods for cash
- D purchase of machinery on credit

(Total for Question 1 = 1 mark)

2 The purpose of a credit note is to

- A allow for cash discount
- B ask for payment in advance
- C increase the amount due on an invoice
- D reduce the amount payable on an invoice

(Total for Question 2 = 1 mark)

3 In which book of original entry will credit notes received be recorded?

- A purchases journal
- B purchases returns journal
- C sales journal
- D sales returns journal

(Total for Question 3 = 1 mark)

4 Which transaction would be recorded in the business's journal?

- A cash withdrawn by the owner for his personal use
- B payment of rent by direct debit
- C purchase of a new motor vehicle on credit
- D return of goods to a credit supplier

(Total for Question 4 = 1 mark)



5 Which is a fixed asset?

- A computer discs
- B motor vehicle
- C motor vehicle repairs
- D rent

(Total for Question 5 = 1 mark)

6 What is the effect of treating capital expenditure as revenue expenditure?

- A gross profit overstated
- B net profit overstated
- C fixed assets understated
- D fixed assets overstated

(Total for Question 6 = 1 mark)

7 Which of the following errors would affect the balancing of the trial balance?

- A addition
- B commission
- C omission
- D principle

(Total for Question 7 = 1 mark)

8 The owner of a business takes goods valued at £25 for their own use. This was not recorded in the accounts. What is the effect of this error on net profit?

- A overstated £25
- B understated £25
- C overstated £50
- D understated £50

(Total for Question 8 = 1 mark)



9 What is the term used by a club or society to represent capital?

- A accumulated fund
- B bank balance
- C subscriptions
- D surplus

(Total for Question 9 = 1 mark)

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10 At the start of 2012 a club had outstanding subscriptions of £850. During 2012 they received subscriptions totalling £5 000, with a further £500 outstanding at the end of the year. What amount should appear in the income and expenditure account for 2012?

- A £3 650
- B £4 150
- C £4 650
- D £5 500

(Total for Question 10 = 1 mark)

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**TOTAL FOR SECTION A = 10 MARKS**



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**SECTION B**

**Answer ALL questions.**

**11** The following transactions took place in November 2012 between Gregory and his credit customer Roberto.

<b>Nov</b>	<b>Transaction</b>
1	Roberto owed Gregory £500.
4	Roberto purchased goods, list price, £600, less 25% trade discount.
12	Roberto returned goods with a list price of £80.
24	Roberto paid the balance due on November 1 by cheque, after deducting a cash discount of 5%.

(a) Prepare Roberto's account in Gregory's ledger for the month of November 2012. Balance the account on 30 November 2012 and bring the balance down on 1 December 2012.

(8)

**Roberto Account**

<b>Date</b>	<b>Narration</b>	<b>£</b>	<b>Date</b>	<b>Narration</b>	<b>£</b>

(b) In what section of Gregory's balance sheet will the balance on November 30 be shown?

(1)



(c) Explain the meaning of the following terms.

(4)

Trade discount

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Cash discount

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(d) Show how the cash discount given to Roberto would be recorded in Gregory's books of account.

(2)

Debit	
Credit	

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



**12** The following balances remained in the books of Ganchi Limited after the preparation of the trading and profit and loss account for the year ended 31 October 2012.

	<b>£000</b>
Land and buildings	650
Motor vehicles (Cost)	65
Provision for depreciation – motor vehicles	25
Debtors	40
Creditors	30
Cash in hand	4
Bank overdraft	10
Provision for doubtful debts	2
Stock – 31 October 2012	128
Ordinary share capital – 500 000 shares @ £1 each	500
6% Debentures	50
General reserve – 1 November 2011	20
Profit and loss account – 1 November 2011	175

**Additional information**

- The net profit for the year ended 31 October 2012, before appropriations, was £125 000.
- During the year ended 31 October 2012 the company paid an interim ordinary share dividend of £0.10 per share.
- On 31 October 2012 the directors proposed to pay a final ordinary share dividend of £0.05 per share, and to transfer £10 000 to the general reserve.







(c) Using the figures calculated in (b), and stating the formula used, calculate each of the following ratios to two decimal places.

Current ratio

(2)

Formula	Calculation

Quick ratio (acid test)

(2)

Formula	Calculation



(d) Evaluate the importance of these two ratios to Ganchi Limited and suggest one way in which the quick ratio (acid test) could be improved.

(5)

Dotted lines for writing the answer.

**(Total for Question 12 = 25 marks)**



**13** Barack, a sole trader, had the following balances remaining in his books after the preparation of his trading account for the year ended 30 November 2012.

**Trial Balance  
At 30 November 2012**

<b>Account</b>	<b>£</b>	<b>£</b>
Capital – 1 December 2011		60 000
Creditors		6 000
Drawings	14 350	
Fixtures and fittings	14 000	
Gross profit		22 907
Heat and light	1 325	
Motor vehicles	25 000	
Motor vehicles repairs	4 322	
Rent and rates	7 860	
Stock 30 November 2012	2 400	
Wages and salaries	19 650	
	<b><u>88907</u></b>	<b><u>88907</u></b>

After the preparation of the trial balance, Barack discovered the following errors and omissions:

1. Drawings, £650, had been posted to the wages and salaries account.
2. An electric bill for £175 was outstanding on 30 November 2012. No adjustment had been made for this in the accounts.
3. A payment to a creditor, £360, had been incorrectly credited to the creditor and debited to the bank.



- (a) Prepare the journal entries to correct the above three errors and omissions.  
Narratives are not required.

(6)

**The Journal**

Account	Debit	Credit

- (b) Prepare the profit and loss account for the year ended 30 November 2012 after taking into account the above errors and omissions.

(4)

**Barack  
Profit and Loss Account  
For year ended 30 November 2012**

	£	£





14 Precious and Little are in partnership sharing profits and losses equally after paying the partners' interest on capital at 5% per annum and paying Little an annual salary of £10 000.

On 1 October 2011 the balances on the partners' capital accounts and current accounts were as follows:

	Capital account	Current account
Precious	£50 000	£13 200
Little	£35 000	£8 700 (Dr)

The profit for the year ended 30 September 2012 was £57 250.

(a) Prepare the appropriation account of the partnership for the year ended 30 September 2012.

(6)

**Precious and Little  
Appropriation Account  
Year ended 30 September 2012**




During the year ended 30 September 2012 the partners withdrew the following monies:

	£
Precious	16 200
Little	21 000

(b) Prepare Little's current account for the year ended 30 September 2012. Balance the account and bring the balance down to 1 October 2012.

(5)

**Current Account – Little**

Date	Narration	£	Date	Narration	£





(c) Explain the meaning of each of the following accounting concepts, using an example to illustrate its application.

Accruals/Matching

(3)

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Business entity

(3)

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Going concern

(3)

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**(Total for Question 14 = 20 marks)**



**15** During the year ended 31 December 2012, Strep, a trader, wrote off the sum of £650 in bad debts. At this date she was also advised that a debtor, Thatcher, who owed £800 on 1 January 2012 had been declared bankrupt. Strep received £350 in full settlement of this debt and the remainder was to be written off.

(a) Prepare the bad debts account in the books of Strep for the year ended 31 December 2012.

(4)

**Bad Debts Account**

Date	Narration	£	Date	Narration	£

(b) Prepare the account of Thatcher for the year ended 31 December 2012.

(3)

**Thatcher Account**

Date	Narration	£	Date	Narration	£



Streep has recently purchased a new motor vehicle for use in the business.

(c) Explain the difference between capital and revenue expenditure and state how each is treated in the end-of-year accounts.

(4)

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(d) Indicate by placing a tick (✓) which transactions are capital expenditure and which are revenue expenditure.

(4)

<b>Transaction</b>	<b>Capital expenditure</b>	<b>Revenue expenditure</b>
Purchase of new premises		
Insurance of premises		
Installing and testing an air conditioning system		
Repairs to premises roof		

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

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



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