

Please check the examination details below before entering your candidate information

Candidate surname

Other names

**Pearson Edexcel
International GCSE**

Centre Number

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Candidate Number

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Time 1 hour 15 minutes

**Paper
reference**

4AC1/02

Accounting

Level 1/2

PAPER 2: Financial Statements

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 50.
- 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.
- Try to answer every question.
- Check your answers if you have time at the end.
- Good luck with your examination.

Turn over ►

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

- 1 Leo, a manufacturer, provided the following information for the year ended 31 March 2021.

	1 April 2020 \$	31 March 2021 \$
Premises		
Cost	500 000	500 000
Accumulated depreciation	100 000	To be calculated
Plant and machinery		
Cost	250 000	250 000
Accumulated depreciation	90 000	To be calculated
Inventory		
Raw materials	56 000	44 000
Work in progress	64 000	68 400
Finished goods	108 000	112 000
Carriage inwards on raw materials		1 300
Carriage outwards		2 100
Direct wages		82 400
Electricity		18 000
Factory insurance paid		9 000
Indirect factory expenses		79 500
Indirect wages paid		83 650
Other payables – indirect wages		1 350
Other receivables – factory insurance		500
Purchases of raw materials		167 500
Returns inwards		12 000
Returns outwards		17 500
Revenue		630 000
Royalties		15 000

Plant and machinery is depreciated at 20% per annum using the reducing balance method.

Premises are depreciated at 10% per annum using the straight line method.

Both electricity and depreciation on premises are apportioned 75% to the factory.



(a) Prepare the manufacturing account for the year ended 31 March 2021.

(15)

Leo
Manufacturing account for the year ended 31 March 2021

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(b) Prepare an extract of the income statement for the year ended 31 March 2021 showing the **trading section** only.

(5)

Leo
Income statement for the year ended 31 March 2021

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Leo believes that an increase in revenue for this year has led to an improvement in profitability, even though both his gross profit percentage and return on capital employed percentage have decreased.

(c) Evaluate whether Leo is correct.

(5)

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(Total for Question 1 = 25 marks)

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- 2 Amira, a sole trader, does not keep full accounting records. She has provided the following information.

	1 April 2020 \$	31 March 2021 \$
Motor vehicle		
Cost	40 000	50 000
Accumulated depreciation	19 520	To be calculated
Land	31 670	31 670
Cash at bank	1 350	1 650 Cr
Inventory	21 500	24 000
Other receivables - insurance	1 500	-
Trade payables	32 000	31 000
Trade receivables	34 500	37 500

During the year ended 31 March 2021 Amira sold her motor vehicle for \$22 940.

In addition, she purchased a new motor vehicle costing \$50 000. Motor vehicles are depreciated at 20% per annum using the reducing balance method. A full year's depreciation is charged in the year of purchase and none in the year of disposal.

Amira borrowed \$50 000 as an interest free loan repayable in five equal annual instalments. The first instalment was paid on 31 March 2021.

Her cash drawings during the year amounted to \$25 000 and she also took goods costing \$5 000 for her personal use.

At 31 March 2021 irrecoverable debts of \$2 500 were to be written off. A provision for irrecoverable debts of 5% was to be created.



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(a) Prepare the statement of affairs (statement of financial position) at 1 April 2020.

(4)

Amira
Statement of affairs at 1 April 2020

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(b) Prepare the statement of affairs (statement of financial position) at 31 March 2021.

(11)

Amira
Statement of affairs at 31 March 2021

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(c) Prepare the equity account for the year ended 31 March 2021 to show the profit or loss for the year.

(5)

Equity Account

Date	Details	\$	Date	Details	\$

(d) Explain, referring to a relevant accounting concept, why Amira:

(i) introduced a provision for irrecoverable debts

(2)

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(ii) used the reducing balance method rather than the straight line method of depreciating her motor vehicle.

(3)

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(Total for Question 2 = 25 marks)

TOTAL FOR PAPER = 50 MARKS

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