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Other names

Pearson Edexcel
International GCSE

Centre Number

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Candidate Number

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Accounting

Level 1/2

Paper 1: Introduction to Bookkeeping and Accounting

Extra assessment material for first teaching
September 2017
Time: 2 hours

Paper Reference

4AC1/01

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.*
- 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.

Turn over ►

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SECTION A

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

Questions 1-10 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 type of accounts are found in the receivables ledger?

<input type="checkbox"/>	A Credit customers
<input type="checkbox"/>	B Purchases
<input type="checkbox"/>	C Sales
<input type="checkbox"/>	D Credit suppliers

(Total for Question 1 = 1 mark)

2 What would be recorded on the debit side a of trade receivables ledger control account?

<input type="checkbox"/>	A Cash sales
<input type="checkbox"/>	B Discount allowed
<input type="checkbox"/>	C Refunds to credit customers
<input type="checkbox"/>	D Returns outwards

(Total for Question 2 = 1 mark)

3 A trader purchases a new delivery van.

Which item of expenditure would be classed as capital expenditure?

<input type="checkbox"/>	A Insurance
<input type="checkbox"/>	B First tank of petrol
<input type="checkbox"/>	C Road fund licence
<input type="checkbox"/>	D Signwriting

(Total for Question 3 = 1 mark)

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- 4 A trader changes his depreciation accounting policy from the reducing balance method to the straight line method.

Which accounting concept is **not** being followed?

<input type="checkbox"/>	A Accruals
<input type="checkbox"/>	B Consistency
<input type="checkbox"/>	C Materiality
<input type="checkbox"/>	D Prudence

(Total for Question 4 = 1 mark)

- 5 A sales invoice for \$800 less 10% trade discount was entered in the sales day book as \$800 instead of \$720.

What kind of error is this?

<input type="checkbox"/>	A Commission
<input type="checkbox"/>	B Original entry
<input type="checkbox"/>	C Partial omission
<input type="checkbox"/>	D Principle

(Total for Question 5 = 1 mark)

- 6 Jarrad purchases a new motor vehicle on credit from PXB Ltd.

How would this transaction be shown in Jarrad's books of account?

		Account to be debited	Account to be credited
<input type="checkbox"/>	A	Motor vehicles	Purchases
<input type="checkbox"/>	B	Purchases	Motor vehicles
<input type="checkbox"/>	C	Motor vehicles	PXB Ltd
<input type="checkbox"/>	D	PXB Ltd	Motor vehicles

(Total for Question 6 = 1 mark)



7 In which book of original entry would bad debts written off be recorded?

<input type="checkbox"/>	A Cash book
<input type="checkbox"/>	B Journal
<input type="checkbox"/>	C Purchases day book
<input type="checkbox"/>	D Sales day book

(Total for Question 7 = 1 mark)

8 Leonid sells goods on credit to Boris for \$800. Leonid's terms of trade are 25% trade discount plus 2% cash discount for prompt settlement.

What entry will Leonid make in his books of original entry when the goods are supplied?

<input type="checkbox"/>	A \$588 in the purchases day book
<input type="checkbox"/>	B \$600 in the purchases day book
<input type="checkbox"/>	C \$588 in the sales day book
<input type="checkbox"/>	D \$600 in the sales day book

(Total for Question 8 = 1 mark)

9 A business purchased a new motor vehicle for \$24 000. The motor vehicle had an estimated residual value at the end of year 5 of \$4 000 and was to be depreciated using the straight line method.

What was the balance on the provision for depreciation account at the end of year 2?

<input type="checkbox"/>	A \$7 200
<input type="checkbox"/>	B \$8 000
<input type="checkbox"/>	C \$8 640
<input type="checkbox"/>	D \$9 600

(Total for Question 9 = 1 mark)

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10 A trade payables ledger control account contained the following entries:

	\$
Opening balance	9 600
Credit purchases	16 400
Interest charged on overdue accounts	300
Payment to suppliers	16 800

What was the closing balance on the control account at the end of the period?

<input type="checkbox"/>	A \$8 900
<input type="checkbox"/>	B \$9 500
<input type="checkbox"/>	C \$9 700
<input type="checkbox"/>	D \$10 300

(Total for Question 10 = 1 mark)



11 On 1 December 2017 Ling's rent expense account had a balance of \$6 900. On 10 December 2017 Ling paid by cheque rent of \$900 for the three months ending 28 February 2018.

Prepare the rent expense account for the year ended 31 December 2017. Balance the account on 31 December 2017 and bring the balance down on 1 January 2018.

(5)

Rent expense account

Date	Details	\$	Date	Details	\$

(Total for Question 11 = 5 marks)

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12 (a) State **one** characteristic of a public sector organisation.

(1)

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(b) State **two** examples of public sector organisations.

(2)

1

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2

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(c) State **two** characteristics of a partnership.

(2)

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(Total for Question 12 = 5 marks)

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On 1 January 2017 Chan's provision for irrecoverable debts was \$650.
 On 31 December 2017 he increased the provision to \$900.

- (b) Prepare the provision for irrecoverable debts account for the year ended 31 December 2017. Balance the account on 31 December 2017 and bring the balance down on 1 January 2018.

(3)

Provision for irrecoverable debts account

Date	Details	\$	Date	Details	\$

- (c) State the section of the statement of financial position where the closing balance of the provision for irrecoverable debts is shown.

(1)

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(d) Explain, with reference to an accounting concept, why it may be necessary to make a provision for irrecoverable debts.

(3)

Concept

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Explanation

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(Total for Question 14 = 15 marks)

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15 The following balances appeared in the books of account of Sariah at 1 January 2016.

Motor vehicle	
Cost	\$24 000
Provision for depreciation	\$8 640
Depreciation policy	20% per annum using the reducing balance method. A full year's depreciation is charged in the year of purchase but none in the year of sale.
On 31 December 2017 Sariah sold the motor vehicle for \$9 000.	

- (a) Prepare the provision for depreciation account for the years ending 31 December 2016 and 31 December 2017.

(4)

Provision for depreciation account – Motor vehicle

Date	Details	\$	Date	Details	\$

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(b) Prepare the asset disposal account for the year ended 31 December 2017.

(4)

Asset disposal account

Date	Details	\$	Date	Details	\$

(c) State **two** causes of depreciation of non-current assets.

(2)

- 1
- 2

(d) State **two** accounting concepts applied in providing for depreciation of non-current assets.

(2)

- 1
- 2

On 1 January 2018 Sarah purchased on credit from Bob's Motors a motor vehicle, cost \$15 000.

(e) Prepare the journal entry to record the purchase of the new motor vehicle. A narrative is required.

(3)

Journal

Date	Account	Debit (\$)	Credit (\$)

(Total for Question 15 = 15 marks)



16 Alan owns a business selling electrical goods. He operates a full double entry system of bookkeeping.

(a) Complete the table below to show the business document and the book of original entry for each transaction.

(6)

Transaction	Business document	Book of original entry
Paid cash for postage stamps		
Credit customer returned goods		
Bought goods on credit		

The following transactions occurred during June 2017.

Date	Transaction
4 June	Received a cheque from D Cook in payment of an invoice, \$1 600. The customer took a 5% cash discount.
12 June	Paid, by cheque, AB Electrics an invoice for \$2 400. Alan took a 3% cash discount.
16 June	Sold goods for cash \$1 850
18 June	Banked cash \$800
26 June	Paid wages by cash \$960

(b) Prepare the cash book for the month of June 2017. Balance the cash book on 30 June 2017 and bring the balances down on 1 July 2017.

(9)

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Cash book

Date	Details	Discount allowed (\$)	Cash (\$)	Bank (\$)	Date	Details	Discount received (\$)	Cash (\$)	Bank (\$)
1 June	Balances b/d		60	1 050					

(Total for Question 16 = 15 marks)



17 Kalou provided the following balances at 30 November 2017.

(a) Prepare a trial balance at 30 November 2017.

(8)

Trial balance at 30 November 2017

	\$	Debit \$	Credit \$
Bank overdraft	650		
Drawings	24 200		
Equity	9 160		
General expenses	9 150		
Loan	6 000		
Loan interest	400		
Motor expenses	3 100		
Motor vehicle – cost	13 000		
Motor vehicle – provision for depreciation	5 120		
Purchases	53 860		
Rent expense	6 500		
Revenue	96 580		
Trade payables ledger control account	5 400		
Trade receivables ledger control account	12 700		
Total			

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(b) Complete the table.

(6)

Error	Type of error	Account to be debited	Account to be credited
A sales invoice, \$380, had not been entered in the books.			
Motor repairs, \$200, had been entered in the motor vehicles cost account			

(c) State the effect of profit for the year after correcting **both** errors.

(1)

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(Total for Question 17 = 15 marks)

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18 On 30 November 2017 the bank column of Lily's cash book showed a balance of \$2 640 Cr and her bank statement showed a balance of \$2 550 Dr.

She identified the following:

- cheques, \$510, paid to suppliers had not yet been presented to the bank for payment
- cash banked, \$890, had not yet appeared on the bank statement.

The following had not been entered in the cash book:

- a standing order, \$210
- a dishonoured cheque, \$80.

(a) Calculate the updated bank balance in Lily's cash book at 30 November 2017. (2)

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(b) Prepare a bank reconciliation statement at 30 November 2017. (6)

Lily – Bank reconciliation statement at 30 November 2017

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(c) Explain **one** difference between a standing order and a direct debit.

(2)

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(d) State **two** reasons why a cheque may be dishonoured.

(2)

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2

(e) (i) Explain to Lily the meaning of the debit balance on the bank statement at 30 November 2017.

(2)

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(ii) State in which section of the statement of financial position the cash book balance on 30 November 2017 would appear.

(1)

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(Total for Question 18 = 15 marks)

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

