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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 2: Financial Statements

Extra assessment material for first teaching
September 2017

Time: 1 hour 15 minutes

Paper Reference

4AC1/02

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 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.*

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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Pearson

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

- 1 Sonali, a retailer, buys and sells on credit but does not keep full accounting records. She provided the following information for the year ended 31 December 2017.

	1 January 2017 \$	31 December 2017 \$
Bank	1 250	to be calculated
Fixtures and fittings		
Cost	50 000	50 000
Accumulated depreciation	5 000	10 000
Inventory	27 500	33 950
Other payables – general expenses	1 350	800
Trade payables	37 450	32 400
Trade receivables	42 500	to be calculated

Bank summary

Receipts	\$	Payments	\$
Trade receivables	142 000	Trade payables	92 750
		Drawings	18 700
		General expenses	34 500

Additional information

- Irrecoverable debts of \$3 050 were written off.
- During the year:
 - Sales were \$145 000
 - Purchases were \$89 450
 - Return outwards were \$1 750
- Profit for the year to revenue percentage was 15%.

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(a) Calculate the equity at 1 January 2017.

(3)

(b) Prepare the trade receivables ledger control 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)

Trade Receivables Ledger Control Account

Date	Details	\$	Date	Details	\$

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(c) Prepare the statement of financial position at 31 December 2017.

(9)

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Sonali

Statement of financial position at 31 December 2017

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(d) (i) State the accounting concept applied when creating the provision for irrecoverable debts.

(1)

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(ii) Explain how the statement of financial position is affected by the provision for irrecoverable debts.

(4)

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Sonali provided the following ratios.

Ratio	2017	2016
Return on capital employed	27.02%	25.00%
Current (working capital) ratio	2.12:1	1.50:1
Liquid (acid test) ratio	1.18:1	0.90:1

(e) Comment on the performance of Sonali's business.

(3)

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(Total for Question 1 = 25 marks)



- 2 Sam, a manufacturer, provided the following information for the year ended 31 December 2017.

	\$
Carriage inwards	15 000
Carriage outwards	27 500
Direct expenses	33 950
Direct factory wages	147 500
Factory machinery	
Cost	180 000
Accumulated depreciation	48 780
Factory supervisor's salary	60 000
Insurance	24 000
Inventory at 1 January 2017	
Raw materials	68 000
Work in progress	85 278
Finished goods	125 000
Office equipment	
Cost	30 000
Accumulated depreciation	8 130
Office general expenses	219 450
Purchase of raw materials	450 000
Rent and rates	120 000
Revenue	1 787 500

Additional information

- At 31 December 2017

Rent and rates prepaid	\$25 000
Insurance owing	\$2 000
Inventory	
Raw materials	\$75 000
Work in progress	\$98 000
Finished goods	\$235 000
- Insurance and rent and rates are apportioned 80% to the factory and 20% to the office.
- Non-current assets are depreciated at 10% per annum using the reducing balance method.

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(a) Prepare the manufacturing account for the year ended 31 December 2017.

(12)

Sam

Manufacturing account for the year ended 31 December 2017

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(b) Prepare the income statement for the year ended 31 December 2017.

(10)

Sam
Income statement for the year ended 31 December 2017

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(c) Explain the differences between inventories of raw materials, work in progress and finished goods.

(3)

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(Total for Question 2 = 25 marks)

TOTAL FOR PAPER = 50 MARKS

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