

Write your name here

Surname

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**

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

1 (a) (i) State two accounting concepts used in the depreciation of non-current assets. (2)

1 .....

2 .....

(ii) State **two** reasons why non-current assets depreciate. (2)

1 .....

2 .....

(iii) Identify which accounts are used when an equipment is disposed by completing the following account. The first one has been completed for you. (3)

**Asset Disposal Account**

Date	Details	€	Date	Details	€
	<i>Equipment</i>				

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Brian Jack and Terry are in partnership, trading as Pullman LLP.

The partners provided the following balances for the year ended 31 July 2016.

	€
Cash at bank	12 150
Cash in hand	2 650
Capital accounts at 31 July 2016:	
• Brian	80 000
• Jack	60 000
• Terry	70 000
Current accounts at 31 July 2016:	
• Brian	8 000
• Jack	7 200
• Terry	8 000 Dr
Equipment	
• Cost	30 000
• Accumulated depreciation	10 800
Fixtures and fittings	
• Cost	157 800
• Accumulated depreciation	41 560
Inventory at 31 July 2016	43 090
Other payables	2 226
Trade Payables ledger control account	35 900
Provision for irrecoverable debts	1 300
Trade Receivables ledger control account	63 96

(b) Prepare the statement of financial position at 31 July 2016.

(10)

**Pullman LLP**  
**Statement of financial position at 31 July 2016**

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Area for writing the statement of financial position, consisting of multiple horizontal dotted lines.

On 1 August 2016 one of the partnership's credit customers notified them that they were unable to pay their debts of €2 000. It was agreed to write this off.

- (c) Prepare the irrecoverable debts account for this transaction, showing any transfers at the year end. (2)

**Irrecoverable Debts Account**

Date	Details	€	Date	Details	€

- (d) Explain why Brian Jack and Terry and have chosen to form this type of business structure. (6)

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**(Total for Question 1 = 25 marks)**

**2** On 1 May 2015 Sita started trading as Sita's Fabric Services. On that day she invested HKD 4 500 in the business represented by:

- vehicle HKD 2 500
- fabric purchase HKD 1 900
- cash at bank HKD 100

On 30 April 2016 Sita provided the following information.

- Bank transactions
  - On 15 August 2015 she purchased machinery for HKD 6 000. She anticipates that it will have a scrap value of HKD 1 000 in four years. A full year's depreciation is charged in the year of acquisition.
  - On 30 November 2015 a payment of HKD 3 400 was made for insurance for the 12 months to 31 October 2016.
  - During the year:
    - General expenses: HKD 11 500
    - Vehicle expenses: HKD 1 750
    - Rent: HKD 150 per month
    - Received from credit customers: HKD 47 450
    - Paid to credit suppliers: HKD 18 500
- 30 April 2016
  - Trade receivables HKD 4 500
  - Trade payables HKD 3 250
  - Inventory HKD 2 250
- Sita is in a dispute with a customer and has agreed to issue a credit note for HKD 1 200 for faulty goods that were supplied in March 2016.

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(a) Calculate Sita's:

(i) sales for the year.

(2)

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(ii) purchases for the year.

(2)

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(iii) Prepare an income statement for the year ended 30 April 2016.

(9)

**Sita’s Fabric Services**  
**Income statement for the year ended 30 April 2016**

Area with horizontal dotted lines for writing the income statement.

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(b) Calculate Sita's:

(i) gross profit percentage.

(3)

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(ii) profit for the year as a percentage of revenue.

(3)

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(c) Evaluate the profitability for the first year of trading.

(6)

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**(Total for Question 2 = 25 marks)**

**TOTAL FOR PAPER = 50 MARKS**