

Please check the examination details below before entering your candidate information

Candidate surname

Other names

Centre Number

Candidate Number

## Pearson Edexcel International GCSE

**Monday 5 June 2023**

Afternoon (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.*
- 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) Explain the difference between the three types of inventories: raw materials, work in progress and finished goods.

(3)

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Dingle provided the following information for the year ended 31 January 2023.

	<b>1 February 2022</b> \$	<b>31 January 2023</b> \$
Factory machinery		
– cost	89 000	128 000
– provision for depreciation	40 500	<b>To be calculated</b>
Office equipment		
– cost	36 000	36 000
– provision for depreciation	9 000	<b>To be calculated</b>
Inventory		
– raw materials	21 200	23 600
– work in progress	19 100	18 400
– finished goods	23 000	31 750

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	<b>31 January 2023</b> \$
Other payables – factory power	3 300
Other receivables – factory supervisor’s wages	830
Factory power paid	38 200
General expenses	36 000
Insurance	7 800
Purchases of raw materials	198 045
Rent	46 000
Revenue	729 595
Royalties	41 300
Wages paid	
– production staff	89 700
– factory supervisor	24 000
– administration staff	16 590

Rent and insurance are apportioned 80% to the factory and 20% to administration.

General expenses are apportioned 90% to the factory and 10% to administration.

Depreciation is charged on:

- factory machinery at 15% per annum using the straight line method
- office equipment at 25% per annum using the reducing balance method.

A full year’s depreciation is charged in the year of purchase.

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(b) Prepare the manufacturing account for the year ended 31 January 2023.

(11)

**Dingle**  
**Manufacturing account for the year ended 31 January 2023**

Area with horizontal dotted lines for writing the manufacturing account.

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(c) Prepare the income statement for the year ended 31 January 2023.

(9)

**Dingle**  
**Income statement for the year ended 31 January 2023**

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(d) Explain why a manufacturer may purchase finished goods.

(2)

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

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2 (a) Explain why it is advisable to draw up a partnership agreement when forming a new partnership.

(3)

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Joan and Lewis are in partnership sharing profits and losses equally.

The partnership agreement provides for:

- interest of 8% per annum on opening capital balances
- an annual salary of \$17 000 for Lewis
- interest of 5% per annum on total drawings
- interest of 6% per annum on partnership loans.

(b) Explain **one** reason why a partner may decide to provide a loan to the partnership rather than investing more capital.

(2)

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The partners provided the following information.

<b>At 1 January 2022</b>	<b>\$</b>
Capital account	
Joan	85 000
Lewis	75 000
Current account	
Joan	2 760
Lewis	3 900
Partnership loan	
Lewis	10 000
<b>At 31 December 2022</b>	
Cash drawings	
Joan	5 000
Lewis	7 000

The draft profit for the year ended 31 December 2022 was \$56 800 before adjusting for the following errors and omissions.

- Lewis's annual salary had been included in staff salaries.
- Goods taken by Joan for her own use \$1 000
- Interest on the partnership loan.





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(d) Prepare the current account of Lewis for the year ended 31 December 2022.  
Balance the account on this date and bring the balance down on 1 January 2023.

(8)

**Current Account – Lewis**

Date	Details	\$	Date	Details	\$

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

**TOTAL FOR PAPER = 50 MARKS**



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