

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	<b>To be calculated</b>
Plant and machinery		
Cost	250 000	250 000
Accumulated depreciation	90 000	<b>To be calculated</b>
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.









- 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	<b>To be calculated</b>
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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(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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