

Please check the examination details below before entering your candidate information

Candidate surname					Other names				
Centre Number					Candidate Number				

**Pearson Edexcel International GCSE**

**Monday 18 November 2024**

Morning (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 Romala, a sole trader, buys and sells goods on credit only.

On 31 August 2024, she provided the following information.

<b>Balance at 1 September 2023</b>	<b>\$</b>
Bank	21 550
Inventory	39 500
Motor vehicles – carrying value	30 000
Other payables – general expenses	1 750
Trade payables	37 500
Trade receivables	48 200

**Bank summary**

<b>Receipts</b>	<b>\$</b>	<b>Payments</b>	<b>\$</b>
Trade receivables	215 000	Trade payables	135 125
		Drawings	21 900
		Wages	10 550
		General expenses	16 125
		Motor expenses	8 900

**Additional information at 31 August 2024**

- Closing inventory was valued at \$32 600
- Motor vehicles are depreciated at 25% per annum on a reducing balance basis. There had been no purchases or disposals of motor vehicles during the year.
- Irrecoverable debts of \$850 were to be written off.
- Profit for the year as a percentage of revenue was 20%.
- During the year, total sales were \$235 000 and total purchases were \$139 875
- Other receivables for general expenses were \$950



(a) Calculate, at 31 August 2024, the:

(i) trade receivables

(4)

(ii) trade payables.

(3)

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(iii) Prepare the statement of financial position at 31 August 2024.

(13)

**Romala**  
**Statement of financial position at 31 August 2024**

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Romala is concerned about the number of irrecoverable debts and is considering creating a provision for irrecoverable debts.

- (b) Discuss, referring to appropriate accounting concepts, whether Romala should create a provision for irrecoverable debts.

(5)

(Total for Question 1 = 25 marks)

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The partnership provided the following information for the year ended 30 June 2024.

	\$
Carriage inwards	42 500
Direct expenses	26 950
Direct factory wages	127 500
Factory overheads	138 000
Factory supervisor's salary	45 000
Insurance paid	34 000
Inventory at 1 July 2023	
Raw materials	68 000
Work in progress	85 278
Finished goods	125 000
Inventory at 30 June 2024	
Raw materials	72 000
Work in progress	96 750
Finished goods	145 000
Non-current assets	
– Cost	200 000
– Provision for depreciation	120 000
Office expenses	232 000
Office salaries	97 000
Purchase of raw materials	550 000
Rent and rates paid	190 000
Revenue	1 787 500

### Additional information

- Non-current assets are depreciated at 10% per annum using the reducing balance method of depreciation.
- At 30 June 2024, the amount of rent and rates paid in advance was \$2 500 and insurance owing was \$1 325
- The partners decided to allocate all costs other than office expenses and office salaries to the factory.



(b) (i) Prepare the manufacturing account for the year ended 30 June 2024.

(13)

**Haitai and Ming**  
**Manufacturing account for the year ended 30 June 2024**

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Following completion of the manufacturing account the partnership was made aware that some of the costs allocated in full to the manufacturing division should have been apportioned in part to the administration department.

- Insurance and rent and rates should have been apportioned 80% to the factory and 20% to administration.
  - The factory machinery accounted for 60% of all non-current assets.
  - Carriage outwards accounted for 25% of the carriage inwards charge.
- (ii) Calculate the corrected production cost after these adjustments have been made.

(5)

	\$	\$
Draft production cost		
Corrected production cost		

- (c) When the partnership was formed the partners did not draw up a formal partnership agreement.

Advise the partners whether they should draw up a formal partnership agreement.

(5)

(Total for Question 2 = 25 marks)

**TOTAL FOR PAPER = 50 MARKS**