

Please check the examination details below before entering your candidate information

Candidate surname

Other names

Centre Number

Candidate Number

## Pearson Edexcel International GCSE

**Tuesday 3 June 2025**

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** Josh, a manufacturer, provided the following information for the year ended 31 March 2025.

<b>Inventory</b>	<b>1 April 2024</b> \$	<b>31 March 2025</b> \$
Raw materials	12 630	16 350
Work-in-progress	11 850	13 270
Finished goods	20 500	31 110

	\$
Non-current assets	
– cost	145 800
– provision for depreciation	53 200
Administrative expenses	19 600
Carriage outwards	3 180
Electricity	12 600
Insurance	12 000
Purchases	
– finished goods	14 000
– raw materials	164 830
Rent	53 500
Revenue	502 500
Royalties	6 000
Wages	
– administrative expenses	29 600
– factory supervisor	22 500
– production	94 100

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**Additional information at 31 March 2025**

- Electricity accrued was \$1 400 and rent paid in advance was \$8 900
- Non-current assets are depreciated at 15% per annum using the reducing balance method.
- Depreciation, rent, electricity and insurance are apportioned 80% to the factory and 20% to administrative expenses.



(a) Prepare the manufacturing account for the year ended 31 March 2025.

(12)

**Josh**  
**Manufacturing Account for the year ended 31 March 2025**

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(b) Prepare the income statement for the year ended 31 March 2025.

**Josh**  
**Income Statement for the year ended 31 March 2025**

(13)

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



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2 (a) (i) Explain how the creation of a provision for irrecoverable debts is an application of the prudence concept.

(3)

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(ii) Explain how the recording of goods taken by the owner is an application of the business entity concept.

(2)

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Ruhi, a sole trader, provided the following information for the year ended 31 March 2025 after the preparation of the income statement.

	\$
Bank loan (2029)	9 500
Bank overdraft	160
Drawings	32 300
Equity at 1 April 2024	23 900
Inventory	14 650
Non-current assets – carrying value	21 820
Other payables	1 380
Other receivables	330
Trade payables	8 660
Trade receivables	12 300

**Additional information**

Profit for the year, \$37 800, was before accounting for:

- rental income received in advance, \$650
- goods taken for own use, \$280
- an understatement of \$400 on the depreciation charge
- the creation of a provision for irrecoverable debts at 2% of the trade receivables.

(b) Calculate the revised profit for the year ended 31 March 2025.

(5)

	\$
Draft profit for the year	37 800
Rental income in advance	
Goods for own use	
Depreciation understated	
Provision for irrecoverable debts	
Revised profit for the year	

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(c) Prepare the statement of financial position at 31 March 2025.

**Ruhi**  
**Statement of Financial Position at 31 March 2025**

(10)

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(Total for Question 2 = 25 marks)

**TOTAL FOR PAPER = 50 MARKS**

