

INTERNATIONAL GCSE

ACCOUNTING

Paper 2 Financial statements

Specimen paper

07:00 GMT

Time allowed: 1 hour 45 minutes

Materials

For this paper you must have:

- a calculator.

Instructions

- Use black ink or black ball-point pen.
- Fill in the boxes at the top of this page.
- Answer **all** questions.
- You must answer the questions in the spaces provided.
Do not write outside the box around each page or on blank pages.
- If you need extra space for your answer(s), use the lined pages at the end of this book. Write the question number against your answer(s).

Information

- The marks for each question are shown in brackets.
- The maximum mark for this paper is 75.

Section A

Answer **all** questions in this section.

Only **one** answer per question is allowed.


For each question completely fill in the circle alongside the appropriate answer.


CORRECT METHOD



WRONG METHODS



If you want to change your answer you must cross out your original answer as shown. 

If you wish to return to an answer previously crossed out, ring the answer you now wish to select as shown. 

0 1 Which user of financial statements would be interested in continuity of supply?

[1 mark]

A Customer

B Employee

C Government

D Supplier

0 2 Which accounting concept assumes that a business will continue for the foreseeable future?

[1 mark]

A Business entity

B Going concern

C Historic cost

D Realisation

0 3Which is **not** included when calculating the liquid capital ratio?**[1 mark]**

- A Bank
- B Inventory
- C Other receivables
- D Trade receivables

0 4

A manufacturing company apportsions rent 80% to the factory and 20% to administration. During the year ended 31 December 2023, rent paid was £80 000 which included £20 000 for the year ended 31 December 2024.

What is the charge for rent in the manufacturing account for the year ended 31 December 2023?

[1 mark]

- A £12 000
- B £16 000
- C £48 000
- D £64 000

0 5

Where would subscriptions received in advance be shown on the statement of financial position of a club?

[1 mark]

- A Current assets
- B Current liabilities
- C Non-current assets
- D Non-current liabilities

0 6

Celia and Dan are in partnership sharing profits and losses in the ratio 3:1. The profit for the year ended 30 April 2023 was £39 000, before Dan's salary of £7 000.

How much was Celia's share of the profit for the year ended 30 April 2023?

[1 mark]**A** £24 000**B** £29 250**C** £31 000**D** £34 500**0 7**

What does the abbreviation 'Ltd' indicate in a company's name?

[1 mark]**A** The number of shareholders is limited**B** The company's capital is limited**C** The shareholders liability for the company's debt is limited**D** The shareholders liability for the company's debt is unlimited**0 8**

Which is **not** shown in a receipts and payments account of a club?

[1 mark]**A** Depreciation of equipment**B** Purchase of equipment**C** Purchase of inventory**D** Subscriptions received

0 9

What is the formula to calculate straight line depreciation?

[1 mark]

- A** $\frac{\text{Cost - residual value}}{\text{Estimated useful life}}$
- B** $\frac{\text{Cost + residual value}}{\text{Estimated useful life}}$
- C** $\frac{\text{Estimated useful life}}{\text{Cost - residual value}}$
- D** $\frac{\text{Estimated useful life}}{\text{Cost + residual value}}$

1 0

Which is the definition of a partnership?

[1 mark]

- A** A business owned by shareholders
- B** A business owned by the public
- C** A business owned by two or more people with limited liability
- D** A business owned by two or more people with unlimited liability

Turn over for the next question

1 1

Quinn and Philip are in partnership. They provided the following information for Quinn from the profit and loss appropriation account for the year ended 31 December 2023.

	£
Interest on drawings	1 000
Interest on capital	14 000
Salary	10 000
Share of profits	20 000

At 1 January 2023 the balance on Quinn's current account was £6 000. During the year ended 31 December 2023 Quinn took cash drawings of £3 250 and goods for own use of £750.

Complete the current account for Quinn. Balance the account and bring the balance down on 1 January 2024.

[8 marks]

Dr

Current Account - Quinn

Cr

Date	Details	£	Date	Details	£

1 2 . 1

Show, by placing one tick (✓) in the correct column, where each item should appear in the financial statements of a club.

The first one has been completed as an example.

[5 marks]

Item	Shop Trading Account	Income and Expenditure Account	Statement of Financial Position
Shop purchases	✓		
Accumulated fund			
Donations			
Opening Inventory			
Subscriptions for the year			
Trade payables- shop purchases			

1 2 . 2

Complete the table to show the business terms.

The first one has been completed as an example.

[2 marks]

Club	Business
<i>Surplus of income over expenditure</i>	<i>Profit for the year</i>
Accumulated fund	
Income and expenditure account	

Turn over for next section

Section B

Answer **all** questions in this section.

1	3
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Lucy, a manufacturer, has produced a manufacturing account for the year ended 31 December 2023.

Lucy
Manufacturing Account for the year ended 31 December 2023

	£	£
Opening inventory	25 000	
Purchases	60 000	
Carriage	<u>2 500</u>	
	87 500	
Closing inventory	<u>7 500</u>	
		80 000
Direct labour		60 000
Rent	14 000	
Light and heat	12 000	
Supervisor salary	20 000	
Depreciation - machinery	<u>17 000</u>	
		<u>63 000</u>
		203 000
Opening inventory		13 000
Closing inventory		<u>(9 000)</u>
		<u>207 000</u>

Question continues on next page

1 3 . 1 For the year ended 31 December 2023:

[6 marks]

What is the total of factory overheads?

What type of closing inventory is valued at £9 000?

What is the prime cost?

What is the factory cost of goods produced?

What is the cost of raw materials used?

Is the £2 500 carriage inwards or carriage outwards?

Question continues on next page

Lucy provided the following additional information for the year ended 31 December 2023 in addition to the manufacturing account.

	£
Office equipment – cost at 1 January 2023	76 000
Office equipment – provision for depreciation at 1 January 2023	35 000
Office expenses	39 600
Office rent	11 500
Office staff wages paid	117 400
Opening inventory- finished goods	41 500
Closing inventory- finished goods	58 300
Other payables – office staff wages	1 650
Returns inwards	2 500
Sales	895 000

Lucy depreciates office equipment by the straight-line method, using a rate of 15% per annum.

1 3 . 2 Prepare the income statement for the year ended 31 December 2023.

[14 marks]

Lucy
Income statement for the year ended 31 December 2023

1 4

Xander provided the following information on 30 November 2023.

	£
Bank overdraft	2 000
Closing inventory	15 000
Drawings	13 000
Machinery - cost	90 000
Machinery – provision for depreciation	20 000
Opening capital	119 500
Other receivables	1 000
Profit for the year ended 30 November 2023	35 000
Provision for doubtful debts	2 500
Trade payables	17 000
Trade receivables	32 000
Vehicles - cost	60 000
Vehicles – provision for depreciation	15 000

Prepare the statement of financial position as at 30 November 2023.

[15 marks]

Xander
Statement of financial position as at 30 November 2023

1 5 . 1

Show, by placing one tick (✓) in the correct column, which are features of debentures and which are features of shares.

[6 marks]

	Debentures	Shares
Are a debt		
Are not secured on the assets of a company		
Are paid a dividend		
Are repayable		
Have priority in the winding up of a company.		
Have voting rights		

1 5 . 2

State the formula for:

[3 marks]

mark- up %

margin %

profit in relation to revenue %

The directors of Aye Ltd provided the following information.

	£
Revenue	400 000
Cost of sales	300 000
Expenses	20 000

1 5 . 3 Calculate the following ratios.

[6 marks]

	Workings	Answer
Mark-up %		
Margin %		
Profit in relation to revenue %		

END OF QUESTIONS

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