Please check the examination details below before entering your candidate information

| Candidate surname | Other names |
| --- | --- |
| | |

Centre Number

Candidate Number

# Pearson Edexcel International Advanced Level

## Tuesday 5 May 2026

Morning (Time: 3 hours)

**Paper reference** **WAC11/01**

# Accounting

## International Advanced Subsidiary
## UNIT 1: The Accounting System and Costing

**You must have:**
Source Booklet (enclosed)

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 **both** questions in Section A and **three** questions from Section B.
- All calculations must be shown.
- Answer the questions in the spaces provided – *there may be more space than you need*.
- Do not return the Source Booklet with the question paper.

## Information

- The total mark for this paper is 200.
- 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.
- The source material for use with Questions 1 to 6 is in the enclosed Source Booklet.

## Advice

- Read each question carefully before you start to answer it.
- Check your answers if you have time at the end.

*Turn over*



P:1/1/1/1
P 7 9 9 9 9 A 0 1 4 4
Pearson

## SECTION A

**Answer BOTH questions in this section.**

**Source material for Question 1 is on pages 2 to 4 of the Source Booklet.**

**1** (a) Prepare the capital accounts of Ama, Bebi and Chamara after the admission of the new partner and the adjustment for goodwill on 1 May 2025.

**(7)**





P 7 9 9 9 9 A 0 2 4 4

DO NOT WRITE IN THIS AREA DO NOT WRITE IN THIS AREA DO NOT WRITE IN THIS AREA

(b) Prepare the Statement of Profit or Loss and Other Comprehensive Income, including an Appropriation Account, for the year ended 30 April 2026.

**(17)**

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

(c) Prepare the current accounts of Ama, Bebi and Chamara for the year ended 30 April 2026.

**(7)**

(d) Prepare the Statement of Financial Position at 30 April 2026.

**(12)**

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

(e) Evaluate the decision of Ama and Bebi to admit Chamara as a partner.

**(12)**

DO NOT WRITE IN THIS AREA DO NOT WRITE IN THIS AREA DO NOT WRITE IN THIS AREA

**(Total for Question 1 = 55 marks)**



P 7 9 9 9 9 A 0 9 4 4

**Source material for Question 2 is on pages 6 to 8 of the Source Booklet.**

**2** (a) Prepare the journal entries in the books of Barsha to correct the errors in the AB Retail Account for the month of April 2026. Narratives are **not** required but dates should be shown.

**(10)**

(b) Calculate the corrected balance for the AB Retail Account on 30 April 2026.

**(6)**

(c) Explain the difference between an **error of original entry** and an **error of reversal**.

**(4)**

.......................................................................................................................................

.......................................................................................................................................

.......................................................................................................................................

.......................................................................................................................................

.......................................................................................................................................

.......................................................................................................................................

.......................................................................................................................................

.......................................................................................................................................

(d) Explain why an **error of original entry** would **not** be revealed by a trial balance.

**(2)**

.......................................................................................................................................

.......................................................................................................................................

.......................................................................................................................................

.......................................................................................................................................

(e) State **two** differences between **capital expenditure** and **revenue expenditure**.

**(4)**

1 ..............................................................................................................................

..............................................................................................................................

..............................................................................................................................

..............................................................................................................................

2 ..............................................................................................................................

..............................................................................................................................

..............................................................................................................................

..............................................................................................................................

(f) State whether **each** of the following is **capital expenditure** or **revenue expenditure**.

**(5)**

(1) Building extension

..............................................................................................................................

(2) Redecoration of the existing buildings

..............................................................................................................................

(3) Additional insurance

..............................................................................................................................

(4) Purchase of the new packaging machine

..............................................................................................................................

(5) Installation of the new packaging machine

..............................................................................................................................

(g) Calculate the total labour cost of operating the new packaging machine for one week if remuneration of the operators is based upon:

(i) a daywork payment method

**(2)**

..............................................................................................................................................

..............................................................................................................................................

..............................................................................................................................................

..............................................................................................................................................

..............................................................................................................................................

..............................................................................................................................................

(ii) a piecework payment method.

**(2)**

..............................................................................................................................................

..............................................................................................................................................

..............................................................................................................................................

..............................................................................................................................................

..............................................................................................................................................

..............................................................................................................................................

(h) State **two** disadvantages of using **each** payment method.

(i) Daywork payment method

**(2)**

1 ..............................................................................................................................................................................

..............................................................................................................................................................................

2 ..............................................................................................................................................................................

..............................................................................................................................................................................

(ii) Piecework payment method.

**(2)**

1 ..............................................................................................................................................................................

..............................................................................................................................................................................

2 ..............................................................................................................................................................................

..............................................................................................................................................................................

(i) Name the **accounting concept or convention** that may be broken in **each** case if Barsha's proposals are implemented.

**(4)**

1 ..............................................................................................................................................................................

2 ..............................................................................................................................................................................

3 ..............................................................................................................................................................................

4 ..............................................................................................................................................................................

Barsha paid for the extension of her buildings and the new packaging machine from her business bank account instead of using alternative funding. Her business now has an overdraft of £40 000

(j) Evaluate the decision made by Barsha to pay for the buildings extension and new packaging machine from her business bank account instead of using alternative funding.

**(12)**

**(Total for Question 2 = 55 marks)**

**TOTAL FOR SECTION A = 110 MARKS**

## SECTION B

**Answer THREE questions from this section.**

**Indicate which question you are answering by marking a cross in the box ☒. If you change your mind, put a line through the box ☒ and then indicate your new question with a cross ☒.**

**If you answer Question 3, put a cross in the box ☐ .**

**Source material for Question 3 is on pages 10 and 11 of the Source Booklet.**

**3** (a) Calculate, at 28 April 2026, the:

(i) current ratio

**(2)**

........................................................................................................................................................................................................

........................................................................................................................................................................................................

........................................................................................................................................................................................................

........................................................................................................................................................................................................

(ii) trade receivables collection period (days)

**(2)**

........................................................................................................................................................................................................

........................................................................................................................................................................................................

........................................................................................................................................................................................................

........................................................................................................................................................................................................

(iii) trade payables payment period (days).

**(2)**

........................................................................................................................................................................................................

........................................................................................................................................................................................................

........................................................................................................................................................................................................

........................................................................................................................................................................................................

(b) Explain the effect that the bankruptcy of Ida will have on Asif's:

(i) profit for the year

**(2)**

.......................................................................................................................................................................................................

.......................................................................................................................................................................................................

.......................................................................................................................................................................................................

.......................................................................................................................................................................................................

.......................................................................................................................................................................................................

.......................................................................................................................................................................................................

(ii) liquidity.

**(2)**

.......................................................................................................................................................................................................

.......................................................................................................................................................................................................

.......................................................................................................................................................................................................

.......................................................................................................................................................................................................

.......................................................................................................................................................................................................

.......................................................................................................................................................................................................

(c) State **two** actions that Asif should have taken:

(i) before supplying goods on credit to a new customer

**(2)**

1 ..................................................................................................................................

..................................................................................................................................

2 ..................................................................................................................................

..................................................................................................................................

(ii) after supplying goods, to recover the debt.

**(2)**

1 ..................................................................................................................................

..................................................................................................................................

2 ..................................................................................................................................

..................................................................................................................................

(d) Calculate, at 29 April 2026, after recording the bankruptcy of Ida, the:

(i) percentage return on capital employed

**(6)**

(ii) liquid (acid test) ratio.

**(4)**

A friend advised that if Asif had an allowance for irrecoverable debts in his book of accounts the bankruptcy would have no impact on the profit for the year.

(e) Evaluate the friend's advice.

**(6)**

**(Total for Question 3 = 30 marks)**

**BLANK PAGE**

**If you answer Question 4, put a cross in the box ☒ .**

**Source material for Question 4 is on pages 12 and 13 of the Source Booklet.**

**4** (a) Prepare the Trial Balance at 1 April 2025.

**(10)**

**Westville Tennis Club**

**Trial Balance at 1 April 2025**

| | Dr | Cr |
|---|---|---|
| | £ | £ |
| Subscriptions in arrears | | |
| Subscriptions in advance | | |
| Non-current assets (at cost) | | |
| Clubhouse | | |
| Equipment | | |
| Provisions for depreciation | | |
| Clubhouse | | |
| Equipment | | |
| Inventory of refreshments | | |
| Bank overdraft | | |
| Trade payables for refreshments | | |
| Accrued rent | | |
| Accumulated fund | | |
| | | |
| | | |

(b) Prepare the Income and Expenditure Account for the year ended 31 March 2026 showing the surplus or deficit on **each** of the activities of competitions and raffles as well as the overall surplus or deficit.

**(14)**

DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA

(c) Evaluate the proposal to offer a five-year membership fee costing £300 to existing members.

**(6)**

**(Total for Question 4 = 30 marks)**

BLANK PAGE

**If you answer Question 5, put a cross in the box ☒ .**

**Source material for Question 5 is on pages 14 and 15 of the Source Booklet.**

**5** (a) Explain the meaning of the terms:

(i) job costing

**(2)**

........................................................................................................................................................................................................

........................................................................................................................................................................................................

........................................................................................................................................................................................................

........................................................................................................................................................................................................

(ii) variable cost.

**(2)**

........................................................................................................................................................................................................

........................................................................................................................................................................................................

........................................................................................................................................................................................................

........................................................................................................................................................................................................

(b) Calculate the percentage of his available working hours for the year ended 31 March 2026 that Alvor was undertaking work that he could charge directly to customers.

**(3)**

........................................................................................................................................................................................................

........................................................................................................................................................................................................

........................................................................................................................................................................................................

........................................................................................................................................................................................................

........................................................................................................................................................................................................

........................................................................................................................................................................................................

........................................................................................................................................................................................................

........................................................................................................................................................................................................

(c) State **four** activities that Alvor might have to undertake to operate his business that he **cannot** charge directly to customers.

**(4)**

1 ..............................................................................................................................................................................................

..............................................................................................................................................................................................

2 ..............................................................................................................................................................................................

..............................................................................................................................................................................................

3 ..............................................................................................................................................................................................

..............................................................................................................................................................................................

4 ..............................................................................................................................................................................................

..............................................................................................................................................................................................

(d) Prepare for Alvor's business, for the year ending 31 March 2026, the:

(i) Statement of Profit or Loss and Other Comprehensive Income

**(7)**

(ii) Bank Account (summarised).

**(6)**

(e) Evaluate the results of Alvor's first year of trading.

**(6)**

**(Total for Question 5 = 30 marks)**

BLANK PAGE

**If you answer Question 6, put a cross in the box ☒ .**

**Source material for Question 6 is on pages 16 and 17 of the Source Booklet.**

**6** (a) State:

(i) **two** causes of depreciation for a motor van

**(2)**

1 ....................................................................................................................................................

....................................................................................................................................................

2 ....................................................................................................................................................

....................................................................................................................................................

(ii) **two** reasons why a business might decide to depreciate its non-current assets using the reducing balance method instead of the straight line method.

**(2)**

1 ....................................................................................................................................................

....................................................................................................................................................

2 ....................................................................................................................................................

....................................................................................................................................................

(b) Calculate the **total** depreciation on the motor vans to be recorded in the Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 April 2026.

**(6)**

(c) Prepare for the year ended 30 April 2026 the:

(i) Motor Van Account

**(4)**

(ii) Disposal Account.

**(4)**

(d) Complete, in the table below, the Schedule of Non-current Assets (extract) for motor vans to be recorded in the Statement of Financial Position at 30 April 2026.

**(6)**

**Schedule of Non-current Assets at 30 April 2026**

| | **Motor vans** |
|---|---|
| | **£** |
| **Cost** at 1 May 2025 | |
| Additions for year | |
| Disposals for year | |
| **Non-current assets (at cost)** | |
| **Less depreciation** | |
| Provision at 1 May 2025 | |
| Accumulated depreciation on disposals | |
| Depreciation for the year ended 30 April 2026 | |
| **Accumulated depreciation** | |
| **Carrying value** at 30 April 2026 | |

Workings

........................................................................................................................................................................................................

........................................................................................................................................................................................................

........................................................................................................................................................................................................

........................................................................................................................................................................................................

........................................................................................................................................................................................................

........................................................................................................................................................................................................

........................................................................................................................................................................................................

........................................................................................................................................................................................................

........................................................................................................................................................................................................

........................................................................................................................................................................................................

DO NOT WRITE IN THIS AREA DO NOT WRITE IN THIS AREA DO NOT WRITE IN THIS AREA

A business friend of Mariliza stated that if she used the revaluation method of depreciation the financial statements would have greater accuracy.

(e) Evaluate the business friend's proposal to use the revaluation method of depreciation on the motor vans.

**(6)**

**(Total for Question 6 = 30 marks)**

**TOTAL FOR PAPER = 200 MARKS**

BLANK PAGE

DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA

**BLANK PAGE**

BLANK PAGE

Pearson Edexcel International Advanced Level

**Tuesday 5 May 2026**

Morning (Time: 3 hours)

**Paper reference** **WAC11/01**

# Accounting

**International Advanced Subsidiary**
**UNIT 1: The Accounting System and Costing**

**Source Booklet**
**Do not return this Booklet with the question paper.**

*Turn over*

P79999A

P:1/1/1/1

P 7 9 9 9 9 A

Pearson

## SECTION A

**Answer BOTH questions in this section.**

**1** Ama and Bebi have been in business for many years as retailers. On 1 May 2025, the balances of the capital accounts were Ama £50 000 and Bebi £30 000. The two partners shared profits and losses equally. The partners did **not** receive a salary or interest on capital. **No** interest was charged on drawings.

On 1 May 2025, Ama and Bebi agreed to admit Chamara as a partner. Chamara would bring £40 000 into the business by cheque. The existing partners agreed the following.

(1) The goodwill of the partnership of Ama and Bebi was valued at £60 000

(2) Goodwill was **not** to remain in the books of account of the new partnership.

(3) Profits and losses in the new partnership would be shared:

Ama two fifths: Bebi two fifths: Chamara one fifth.

(4) There would be no interest paid on capital.

(5) Interest on drawings would be charged at the rate of 5% on closing balances.

(6) Salaries would be paid to Ama £10 000 per annum and Chamara £12 000 per annum.

**Required**

(a) Prepare the capital accounts of Ama, Bebi and Chamara after the admission of the new partner and the adjustment for goodwill on 1 May 2025.

**(7)**

After the first year of trading, and in addition to the capital accounts, the following balances were available from the books of account of the new partnership on 30 April 2026.

| | £ |
|---|---|
| Advertising | 17 400 |
| Bank and cash | 28 400 |
| Current accounts 1 May 2025 | |
| Ama | 3 200 Cr |
| Bebi | 1 750 Cr |
| Discount received | 5 400 |
| Drawings | |
| Ama | 4 000 |
| Bebi | 2 000 |
| Chamara | 4 000 |
| General expenses | 15 100 |
| Inventory 1 May 2025 | 31 500 |
| Irrecoverable debts | 900 |
| Management salaries | 50 000 |
| Non-current assets – (at cost) | |
| Delivery vehicles | 60 000 |
| Fixtures and fittings | 30 000 |
| Non-current assets – provision for depreciation | |
| Delivery vehicles | 18 000 |
| Fixtures and fittings | 11 000 |
| Purchases | 178 000 |
| Rent payable | 18 000 |
| Rent receivable | 800 |
| Returns inwards | 8 000 |
| Returns outwards | 6 200 |
| Revenue | 326 000 |
| Trade payables | 16 850 |
| Trade receivables | 32 800 |
| Wages | 29 100 |

**Additional information at 30 April 2026**

(1) Inventory £36 300

(2) Advertising costs of £1 700 were accrued. The advertising costs include a campaign costing £3 000 which runs from 1 December 2025 to 31 May 2026.

(3) The rent receivable is £100 per month. The payment of four months' rent receivable is outstanding.

(4) Management salaries included the salaries paid in full to Ama and Chamara.

(5) Depreciation is charged on all non-current assets owned at the end of the year:

– delivery vehicles at the rate of 20% using the reducing balance method

– fixtures and fittings at the rate of 15% using the straight line method.

(6) Trade receivable debts of £2 800 were considered irrecoverable. An allowance for irrecoverable debts of 4% of trade receivables is to be created on remaining debts.

**Required**

(b) Prepare the Statement of Profit or Loss and Other Comprehensive Income, including an Appropriation Account, for the year ended 30 April 2026.

**(17)**

(c) Prepare the current accounts of Ama, Bebi and Chamara for the year ended 30 April 2026.

**(7)**

(d) Prepare the Statement of Financial Position at 30 April 2026.

**(12)**

(e) Evaluate the decision of Ama and Bebi to admit Chamara as a partner.

**(12)**

**(Total for Question 1 = 55 marks)**

**BLANK PAGE**

**2** Barsha is in business buying and selling goods on credit.

Barsha employed a trainee book-keeper who completed the account of AB Retail for the month of April and made the additional entries in the ledger and the cash book.

**The trainee book-keeper made several errors in posting the transactions.**

The following information related to the account of AB Retail in the books of Barsha for April 2026.

1 April Balance on the AB Retail Account, £500

5 April AB Retail paid the balance of 1 April and a 3% cash discount was allowed.

10 April AB Retail purchased goods with a list price of £800 from Barsha and was allowed a 15% trade discount.

17 April A payment made to Simpson Retail for £210 was posted in error to the AB Retail Account.

22 April Goods purchased on 10 April were found to be damaged and returned by AB Retail. The returned goods had a list price of £60

26 April AB Retail purchased goods on credit with a list price of £600 from Barsha and was allowed a 10% trade discount.

The AB Retail Account as prepared by the trainee bookkeeper was as follows.

**AB Retail Account**

| **Date** | **Details** | **£** | **Date** | **Details** | **£** |
|---|---|---|---|---|---|
| 2026 | | | 2026 | | |
| 1 April | Balance b/d | 500 | | | |
| 5 April | Discount allowed | 15 | 5 April | Bank | 485 |
| 10 April | Revenue | 800 | 22 April | Returns inwards | 60 |
| 17 April | Bank | 210 | 26 April | Revenue | 540 |
| | | | 30 April | Balance c/d | 440 |
| | | 1 525 | | | 1 525 |
| 1 May | Balance b/d | 440 | | | |

**Required**

(a) Prepare the journal entries in the books of Barsha to correct the errors in the AB Retail Account for the month of April 2026. Narratives are **NOT** required but dates should be shown.

**(10)**

(b) Calculate the corrected balance for the AB Retail Account on 30 April 2026.

**(6)**

(c) Explain the difference between an **error of original entry** and an **error of reversal**.

**(4)**

(d) Explain why an **error of original entry** would **not** be revealed by a trial balance.

**(2)**

Barsha's sales revenue has been increasing steadily, and she therefore needs to extend her existing buildings and install a new packaging machine. She will pay all costs by cheque.

**Required**

(e) State **two** differences between **capital expenditure** and **revenue expenditure**.

**(4)**

(f) State whether **each** of the following is **capital expenditure** or **revenue expenditure**.

**(5)**

(1) Building extension at a cost of £15 000

(2) Redecoration of the existing buildings at a cost of £12 000

(3) Additional insurance for the buildings extensions and new packaging machine at a cost of £3 000

(4) Purchase of the new packaging machine at a cost of £10 000

(5) Installation of the new packaging machine at a cost of £5 000

The new packaging machine has a 10 items per hour capacity and can be operated using a two-person or three-person team.

Barsha must decide how to remunerate workers operating the new packaging machine.

Two payment options for the operators of the new packaging machine have been suggested.

**Option 1**

A daywork payment method

This would require a team of three operators, **each** of whom would be paid £6 per hour for 38 hours per week. The team of three operators would pack a total of 380 items per week.

**Option 2**

A piecework payment method

This would require a team of two operators, **each** of whom would be paid £0.60 per item packed. The two operators would work 38 hours per week and pack a total of 380 items per week.

**Required**

(g) Calculate the total labour cost of operating the new packaging machine for one week if remuneration of the operators is based upon:

(i) a daywork payment method

**(2)**

(ii) a piecework payment method.

**(2)**

(h) State **two** disadvantages of using **each** payment method.

(i) Daywork payment method

**(2)**

(ii) Piecework payment method.

**(2)**

Barsha has made some proposals to the accountants for her financial statements.

(1) Goods provided on sale or return should be considered as a completed sale when the goods are dispatched to the customer.

(2) Include £30 000 in the Statement of Financial Position as the value of the skill of the staff.

(3) Only expenses actually paid would be included in the Statement of Profit or Loss and Other Comprehensive Income.

(4) The allowance for irrecoverable debts to be removed from the Financial Statements as all debts will eventually be paid.

**Required**

(i) Name the **accounting concept or convention** that may be broken in **each** case if Barsha's proposals are implemented.

**(4)**

Barsha paid for the extension of her buildings and the new packaging machine from her business bank account instead of using alternative funding. Her business now has an overdraft of £40 000

**Required**

(j) Evaluate the decision made by Barsha to pay for the buildings extension and new packaging machine from her business bank account instead of using alternative funding.

**(12)**

**(Total for Question 2 = 55 marks)**

**BLANK PAGE**

## SECTION B

**Answer THREE questions from this section.**

**3** The business of Asif had the following balances in the books of account on 28 April 2026.

| | £ |
|---|---|
| 8% bank loan (repayable 2030) | 25 000 |
| Bank overdraft | 5 000 |
| Capital | **To be calculated** |
| Inventory | 10 000 |
| Non-current assets | 54 000 |
| Profit for the year (to date) | 24 000 |
| Trade payables | 35 000 |
| Trade receivables | 65 000 |

**Additional information**

(1) Sales for the year to date were £600 000 of which 80% were on credit.

(2) Purchases of £400 000 for the year to date were all on credit.

(3) The 8% bank loan had been taken out on 1 January 2025.

**Required**

(a) Calculate, at 28 April 2026, the:

(i) current ratio

**(2)**

(ii) trade receivables collection period (days)

**(2)**

(iii) trade payables payment period (days).

**(2)**

Asif had made a large credit sale to a new customer, Ida, with whom he had not dealt before.

On 29 April 2026, Asif was informed that the new customer, Ida, became bankrupt due to a debt of £26 000 to Asif. Only a payment of £4 000 of that debt was recovered. The payment was received by cheque on 29 April 2026.

Asif immediately recorded the irrecoverable debt in his book of accounts.

**Required**

(b) Explain the effect that the bankruptcy of Ida will have on Asif's:

(i) profit for the year

**(2)**

(ii) liquidity.

**(2)**

(c) State **two** actions that Asif should have taken:

(i) before supplying goods on credit to a new customer

**(2)**

(ii) after supplying goods, to recover the debt.

**(2)**

(d) Calculate, at 29 April 2026, after recording the bankruptcy of Ida, the:

(i) percentage return on capital employed

**(6)**

(ii) liquid (acid test) ratio.

**(4)**

A friend advised that if Asif had an allowance for irrecoverable debts in his book of accounts the bankruptcy would have no impact on the profit for the year.

**Required**

(e) Evaluate the friend's advice.

**(6)**

**(Total for Question 3 = 30 marks)**

**4** The following balances remained in the books of account of Westville Tennis Club at the start of the financial year on 1 April 2025.

| | £ |
|---|---|
| Subscriptions in arrears | 600 |
| Subscriptions in advance | 750 |
| Non-current assets (at cost) | |
| Clubhouse | 60 000 |
| Equipment | 25 000 |
| Provisions for depreciation | |
| Clubhouse | 19 000 |
| Equipment | 11 000 |
| Inventory of refreshments | 420 |
| Bank overdraft | 1 550 |
| Trade payables for refreshments | 570 |
| Accrued rent | 40 |
| Accumulated fund | **To be calculated** |

**Required**

(a) Prepare the Trial Balance at 1 April 2025.

**(10)**

**The following information is available for the year ended 31 March 2026.**

(1) **Bank** (Summarised)

| **Income** | £ | **Expenditure** | £ |
|---|---|---|---|
| Subscriptions received | 9 300 | Refreshment expenses | 3 840 |
| Competition entrance fees | 1 050 | Competition prizes | 810 |
| Raffle entries | 930 | Raffle prizes | 980 |
| Refreshment sales | 5 400 | Rent | 840 |
| | | Repairs to clubhouse | 1 050 |
| | | Electricity and gas | 2 050 |
| | | Bank charges | 170 |
| | | Purchase of new equipment | 4 000 |

(2) There were 120 members of Westville Tennis Club in the year ended 31 March 2026. Each member was due to pay £75 for the year's membership.

(3) £450 of the subscriptions in arrears on 1 April 2025 were paid by members. The remaining sum was written off as an irrecoverable debt.

(4) The profit on refreshments was £1 560 for the year.

(5) Other balances at 31 March 2026

| | £ |
|---|---|
| Prepaid rent | 80 |
| Clubhouse (carrying value) | 37 000 |
| Equipment (carrying value) | 15 000 |
| Inventory of refreshments | 310 |
| Accrued electricity | 70 |
| Prepaid gas | 260 |

**Required**

(b) Prepare the Income and Expenditure Account for the year ended 31 March 2026 showing the surplus or deficit on **each** of the activities of competitions and raffles as well as the overall surplus or deficit.

**(14)**

Westville Tennis Club is considering opening a junior membership section where young people can learn to play the game. Junior members would have free membership for two years.

To establish the junior membership section an additional £5 000 would need to be spent on purchasing tennis equipment.

It is proposed to raise the additional £5 000 by offering existing members a five-year membership fee costing £300

**Required**

(c) Evaluate the proposal to offer a five-year membership fee costing £300 to existing members.

**(6)**

**(Total for Question 4 = 30 marks)**

**5** Alvor commenced business on 1 April 2025 as an electrician providing electrical repairs and installations to customers' premises.

He commenced business with the assets of motor vehicles valued at £8 000, tools and equipment valued at £6 000 and a bank balance of £2 500

He decided that in his first year of business as an electrician, he would

(1) Charge customers £20 per hour for work completed.

(2) Charge materials at cost plus 25%.

(3) Work 48 hours per week, for 50 weeks in the year.

The following were the actual results for the year ended 31 March 2026.

(1) Alvor charged customers a total of £36 000 for labour costs.

(2) Raw materials used, costing Alvor £6 400, were also charged to customers.

(3) Job payments received from customers by cheque were £33 000

(4) Alvor paid £6 100 by cheque to the suppliers of material.

(5) Alvor paid motor vehicle running expenses of £3 700 by cheque. At the end of the year, £400 was accrued for motor vehicle running expenses.

(6) General expenses of £8 550 were paid by cheque. At the end of the year, £350 was prepaid for general expenses.

(7) The motor vehicle was valued at £7 100 and tools and equipment were valued at £4 800 on 31 March 2026.

(8) Alvor took drawings of £18 000 by cheque during the year.

**Required**

(a) Explain the meaning of the terms:

(i) job costing

**(2)**

(ii) variable cost.

**(2)**

(b) Calculate the percentage of his available working hours for the year ended 31 March 2026 that Alvor was undertaking work that he could charge directly to customers.

**(3)**

(c) State **four** activities that Alvor might have to undertake to operate his business that he **cannot** charge directly to customers.

**(4)**

(d) Prepare for Alvor's business, for the year ending 31 March 2026, the:

(i) Statement of Profit or Loss and Other Comprehensive Income

**(7)**

(ii) Bank Account (summarised).

**(6)**

(e) Evaluate the results of Alvor's first year of trading.

**(6)**

**(Total for Question 5 = 30 marks)**

**6** Mariliza delivers parcels to customers by motor van. On 30 April 2025, she owned four motor vans as follows.

| | **Motor van 1** | **Motor van 2** | **Motor van 3** | **Motor van 4** |
|---|---|---|---|---|
| | **£** | **£** | **£** | **£** |
| Original cost | 18 000 | 18 000 | 22 000 | 24 000 |
| Accumulated depreciation to 30 April 2025 | 10 800 | 8 100 | 4 400 | 4 800 |
| Carrying value at 30 April 2025 | 7 200 | 9 900 | 17 600 | 19 200 |

**Additional information**

(1) Mariliza calculates depreciation at the rate of 15% per annum using the straight line method on all motor vans owned at the end of the year.

(2) On 26 September 2025, Mariliza purchased a new motor van, Motor van 5, at a purchase cost of £26 000. Motor van 2 was given in part exchange at a value of £8 000. The balance due was paid by cheque.

(3) All non-current asset disposals are through a disposal account.

**Required**

(a) State:

(i) **two** causes of depreciation for a motor van

**(2)**

(ii) **two** reasons why a business might decide to depreciate its non-current assets using the reducing balance method instead of the straight line method.

**(2)**

(b) Calculate the **total** depreciation on the motor vans to be recorded in the Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 April 2026.

**(6)**

(c) Prepare for the year ended 30 April 2026 the:

(i) Motor Van Account

**(4)**

(ii) Disposal Account.

**(4)**

(d) Complete, in the Question paper, the Schedule of Non-current Assets (extract) for motor vans to be recorded in the Statement of Financial Position at 30 April 2026.

**(6)**

A business friend of Mariliza stated that if she used the revaluation method of depreciation the financial statements would have greater accuracy.

**Required**

(e) Evaluate the business friend's proposal to use the revaluation method of depreciation on the motor vans.

**(6)**

**(Total for Question 6 = 30 marks)**

**TOTAL FOR PAPER = 200 MARKS**

BLANK PAGE

**BLANK PAGE**

BLANK PAGE