

A



Surname _____

Other Names _____

Centre Number _____

Candidate Number _____

Candidate Signature _____

I declare this is my own work.

A-level

ACCOUNTING

Paper 1 Financial Accounting

7127/1

Time allowed: 3 hours

At the top of the page, write your surname and other names, your centre number, your candidate number and add your signature.

[Turn over]



JUN 22 7 1 2 7 1 0 1

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For this paper you must have:

- a calculator
- a separate insert.

INSTRUCTIONS

- Use black ink or black ball-point pen.
- Answer ALL questions.
- You must answer the questions in the spaces provided. Do not write 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).
- Do all rough work in this answer book. Cross through any work you do not want to be marked.

INFORMATION

- The marks for each question are shown in brackets.
- The maximum mark for this paper is 120.

DO NOT TURN OVER UNTIL TOLD TO DO SO



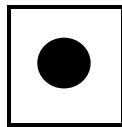
SECTION A

Answer ALL questions in this section.

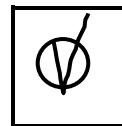
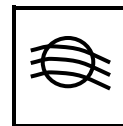
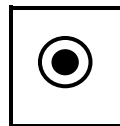
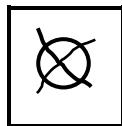
Only ONE answer per question is allowed.

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

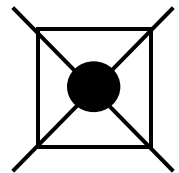
CORRECT METHOD



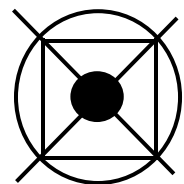
WRONG METHODS



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
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STATEMENT 1: An accountant is the only person who can complete the double entry book-keeping.

STATEMENT 2: If an accountant completes the financial statements for a business, they will be error free.

Which of the following is correct? [1 mark]

A Only statement 1 is true.

B Only statement 2 is true.

C Statements 1 and 2 are both true.

D Neither statement is true.

[Turn over]



02

**Which definition best describes the accruals concept?
[1 mark]**

A Income and expenditure are matched to the period they belong to.

B Income and expenditure are spread evenly across each year.

C Only income is matched to the period it belongs to.

D Only income is spread evenly across each year.



03

Which is the correct formula for the liquid capital ratio?
[1 mark]

A
$$\frac{\text{Current assets}}{\text{Current liabilities}} \times 100$$

B
$$\frac{\text{Current assets}}{\text{Current liabilities}}$$

C
$$\frac{\text{Current assets} - \text{closing inventory}}{\text{Current liabilities}} \times 100$$

D
$$\frac{\text{Current assets} - \text{closing inventory}}{\text{Current liabilities}}$$

[Turn over]



0	4
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Which of the following correctly lists items to be shown in a partnership appropriation account? [1 mark]

A Drawings, interest on capital, partner salaries

B Drawings, interest on capital, capital introduced

C Interest on drawings, partner salaries, share of residual profits

D Interest on drawings, capital introduced, share of residual profits



0	5
---	---

A business had the following expenditure.

	£
Annual maintenance contract	900
Actual cost of machinery	14 000
Delivery cost	400
Installation cost	2 500

What is the total capital expenditure? [1 mark]

- A £14 000
- B £16 500
- C £16 900
- D £17 800

[Turn over]



06

A purchases ledger control account showed the following for April 2022.

DETAILS	£
Balance owed to suppliers on 30 April 2022	1 600
Credit purchases	14 200
Discounts received	250
Payment to credit suppliers	13 915
Returns outwards	314

What was the balance on the purchases ledger control account on 1 April 2022? [1 mark]

A £1 321

B £1 379

C £1 879

D £2 449



07

The following information is available with regards to the sale of a vehicle.

	£
Vehicle original cost	22 000
Vehicle – provision for depreciation	9 625
Disposal proceeds	12 900

What is the income statement entry in the disposal account for this transaction? [1 mark]

- A £525 Cr
- B £525 Dr
- C £9 100 Cr
- D £9 100 Dr

[Turn over]



08

Alex, Maxine and Sergio were in a partnership with profits shared on a 6:3:1 basis respectively. Alex decided to leave the partnership, fully withdrawing his investment.

The following balances were available.

	£
Capital account – Alex	32 000 Cr
Current account – Alex	3 200 Dr
Increase in value of non-current assets	15 000

What payment would Alex receive from the partnership? [1 mark]

A £13 800

B £19 800

C £37 800

D £43 800



09

Su believes an employee has stolen cash from her business. She provides the following information.

	£
Cash at 1 March 2022	635
Cash at 31 March 2022	540
Cash takings	18 000
Cash banked	17 850

What is the amount of cash stolen? [1 mark]

- A £55**
- B £150**
- C £245**
- D £485**

[Turn over]



1	0
---	---

Which error would be the most likely to be prevented by the use of accounting software? [1 mark]

A Commission

B Partial omission

C Principle

D Reversal



BLANK PAGE

[Turn over]



[Turn over]



1 2

The book-keeper of Halpine is preparing the accounts for the year ended 31 March 2022. The rent receivable account for a flat rented out is still to be completed.

The following information was provided.

	£
Rent receivable owed to Halpine on 1 April 2021	860
Rent receivable paid into the bank during the year ended 31 March 2022	13 900
Rent receivable refunded by Halpine	500

ADDITIONAL INFORMATION

Included in the rent receivable paid into the bank was £2 730 which covered the three months ending 31 May 2022.

On the opposite page, prepare the rent receivable account for the year ended 31 March 2022. Show clearly the amount to be transferred to the income statement and the balance brought down on the 1 April 2022. [5 marks]



Dr

RENT RECEIVABLE

Cr

Details	Amount £	Details	Amount £

[Turn over]

1	3
---	---

Ross is completing his draft trial balance, which does not balance. A suspense account is opened and the following errors are discovered:

- 1. Rent payable of £7 600 had been correctly entered in the bank account but credited to the rent payable account.**
- 2. Discount received of £2 400 had been correctly entered in the receivables ledger account but omitted from the discount received account.**
- 3. Drawings of £3 500 had been correctly entered in the bank account but credited to the wages account.**

1	3	.	1
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On the opposite page, prepare Ross's suspense account to correct the errors, clearly showing the opening balance. [5 marks]



Dr

Suspense

Cr

Details	Amount £	Details	Amount £

[Turn over]



13.2

Ross had calculated his draft profit to be £86 454 before noticing the errors.

Calculate the revised profit figure, taking into account any adjustments required for correcting the above errors. [4 marks]

	£
Draft profit	86 454
Error 1	
Error 2	
Error 3	
Revised profit	



[Turn over]

30



SECTION B

Answer ALL questions in this section.

1 4

Grussell plc has provided statements of financial position for the last two years. These are both shown on pages 4–7 of the insert.

1 4 . 1

Prepare a reconciliation of operating profit to net cash flow from operating activities for the year ended 31 March 2022 to comply with IAS 7.

**A full statement of cash flows is NOT required.
[14 marks]**





[Turn over]

<hr/>
40



SECTION C

Answer ALL questions in this section.

1 6

Read the information for question 16 on pages 12–13 of the insert.

Evaluate which of the two options Otmar should choose. Justify your answer.

**Consider BOTH financial and non-financial factors.
[25 marks]**



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For Examiner's Use	
Section	Mark
A	
B	
C	
TOTAL	

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