



**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]**



**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**



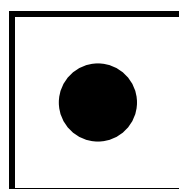
**SECTION A**

**Answer ALL questions in this section.**

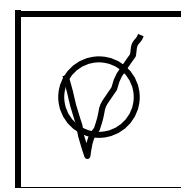
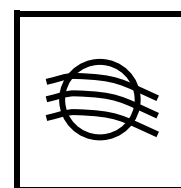
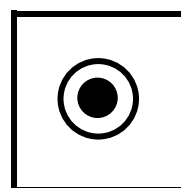
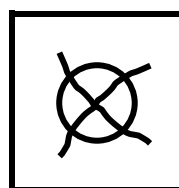
**Only ONE answer per question is allowed.**

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

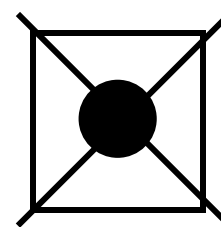
**CORRECT METHOD**



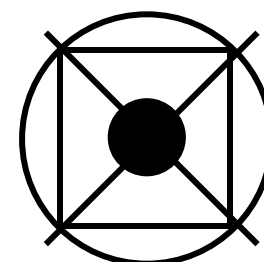
**WRONG METHODS**



**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
---	---

**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]**



0	2
---	---

**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.**

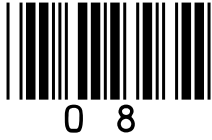
**D Only income is spread evenly across each year.**



**BLANK PAGE**

**[Turn over]**





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





**BLANK PAGE**

**[Turn over]**

0	4
---	---

**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.**

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

**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.**

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



**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**

**[Turn over]**



**07**

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

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



**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.**

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





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

**A    £13 800**

**B    £19 800**

**C    £37 800**

**D    £43 800**

**[Turn over]**



0	9
---	---

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

	£
<b>Cash at 1 March 2022</b>	<b>635</b>
<b>Cash at 31 March 2022</b>	<b>540</b>
<b>Cash takings</b>	<b>18 000</b>
<b>Cash banked</b>	<b>17 850</b>



**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 information for question 12 can be found on pages 2–3 of the insert.**

**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]**







**1 3**

**The information for question 13 can be found on page 4 of the insert.**

**1 3 . 1**

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





**1 3 . 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.**

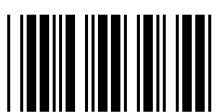
**[4 marks]**

	<b>£</b>
<b>Draft profit</b>	<b>86 454</b>
<b>Error 1</b>	
<b>Error 2</b>	
<b>Error 3</b>	
<b>Revised profit</b>	

---

---

---





**SECTION B**

**Answer ALL questions in this section.**

**14**

**Grussell plc has provided statements of financial position for the last two years. These are both shown on pages 5–13 of the insert.**

**14.1**

**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]**















**14.2**

**The Managing Director of Grussell plc has asked the Finance Director about why the company needs to prepare the statement of cash flows. The Managing Director feels that preparing this statement is a waste of resources and that the information produced is confusing.**

**Assess the Managing Director's opinion.  
[6 marks]**

---

---

---

---

---

---

---

---

---

---

---





**15**

**Paulo is a sole trader, trading as Cluedo Coffee. A trial balance has been extracted from his books of account and is shown on pages 14–17 of the insert.**

**15.1**

**Prepare an income statement for Cluedo Coffee for the year ended 31 March 2022.  
[14 marks]**

**CLUEDO COFFEE****Income statement for the year ended  
31 March 2022**

---

---

---

---

**[Turn over]**





---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

[Turn over]



---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---



---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

**[Turn over]**







---



---



---



---



---



---



---



---



---



---



---



---



---



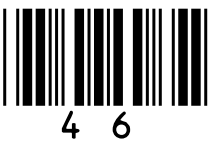
---



---



---



**15.2**

**Cluedo Coffee's revenue has grown each year by an average of 10% and Paulo believes the business is achieving good levels of profitability. However, his accountant has looked at the income statement and trial balance and disagrees with Paulo.**

**Assess whether Paulo is correct in his assumption about the profitability of Cluedo Coffee. [6 marks]**

---

---

---

---

---

---

---

---

**[Turn over]**



---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---







**SECTION C**

**Answer ALL questions in this section.**

**1 6**

**Read the information for question 16 on pages 18–21 of the insert.**

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

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

---

---

---

---

---

---

---

---



---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---







---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

**[Turn over]**



---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---





---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

**[Turn over]**



---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---





---

---

---

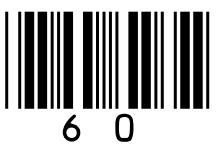
---

---

---

---

---



**17**

**Read the information for question 17 on pages 22–26 of the insert.**

**Evaluate BOTH businesses from Donna’s perspective as a potential investor. Make a recommendation on how she should invest her savings.**

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

---

---

---

---

---

---

---

---

---

---

**[Turn over]**



---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---



---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

**[Turn over]**







---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

[Turn over]





---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

**[Turn over]**



---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

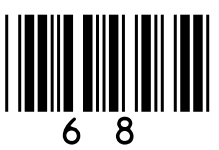
---

---

---

---

---





---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---



---



---



---



---



---



---



---



---



---



---



---

**END OF QUESTIONS**

<b>50</b>



**Additional page, if required.  
Write the question numbers in the  
left-hand margin.**






**BLANK PAGE**

For Examiner's Use	
Section	Mark
A	
B	
C	
<b>TOTAL</b>	

**Copyright information**

For confidentiality purposes, all acknowledgements of third-party copyright material are published in a separate booklet. This booklet is published after each live examination series and is available for free download from [www.aqa.org.uk](http://www.aqa.org.uk).

Permission to reproduce all copyright material has been applied for. In some cases, efforts to contact copyright-holders may have been unsuccessful and AQA will be happy to rectify any omissions of acknowledgements. If you have any queries please contact the Copyright Team.

Copyright © 2022 AQA and its licensors. All rights reserved.

**IB/M/NC/Jun22/7127/1/E2**