



Surname _____

Forename(s) _____

Centre Number _____

Candidate Number _____

Candidate Signature _____

I declare this is my own work.

A-level

ACCOUNTING

Paper 1 Financial Accounting

7127/1

Friday 26 May 2023

Morning

Time allowed: 3 hours

At the top of the page, write your surname and forename(s), your centre number, your candidate number and add your signature.

[Turn over]



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MATERIALS

For this paper you must have:

- a calculator
- an 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



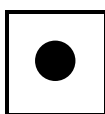
SECTION A

Answer ALL questions in this section.

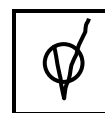
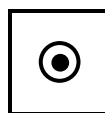
Only ONE answer per question is allowed.

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

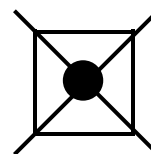
CORRECT METHOD



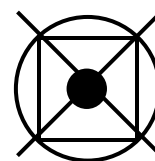
WRONG METHODS



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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Which stakeholder will NOT find the schedule of non-current assets useful? [1 mark]

☐

A Debenture holders

☐

B Existing shareholders

☐

C Local community

☐

D Potential investors

[Turn over]



0	2
---	---

Which of the following is an example of an error of principle? [1 mark]

☐

A An invoice for machinery repairs posted to the machinery cost account.

☐

B An invoice for machinery repairs posted to the rent and rates account.

☐

C A sales invoice not recorded in the sales journal.

☐

D A sales invoice posted to the debit of the sales account and credit of the bank account.



0	3
---	---

Which items would be included on the debit side of the purchase ledger control account? [1 mark]

☐

**A Contra entry; discounts allowed;
interest charged**

☐

**B Contra entry; discounts received;
purchase returns**

☐

**C Discounts allowed; payment to suppliers;
purchase returns**

☐

**D Discounts received; interest charged;
purchase returns**

[Turn over]



0	4
---	---

Which of the following is an example of capital income? [1 mark]

☐

A Commission received

☐

B Credit note received for cancellation of maintenance contract

☐

C Credit sales

☐

D Trade in value of machinery used in part exchange



0	5
---	---

Which is the correct formula for the calculation of interest cover? [1 mark]

☐

A
$$\frac{\text{Interest payable}}{\text{Profit after interest and tax}}$$

☐

B
$$\frac{\text{Interest payable}}{\text{Profit before interest and tax}}$$

☐

C
$$\frac{\text{Profit after interest and tax}}{\text{Interest payable}}$$

☐

D
$$\frac{\text{Profit before interest and tax}}{\text{Interest payable}}$$

[Turn over]



0	6
---	---

Which book of prime entry will be used to record a cheque received from a previously written off irrecoverable debt? [1 mark]

☐

A Cash book

☐

B General journal

☐

C Sales journal

☐

D Sales returns journal



0	7
---	---

A sole trader has prepared her income statement for the year ended 31 March 2023 which showed a profit for the year of £35 360.

However, it was discovered that interest received of £2 250 had been debited to the interest paid account.

What is the corrected profit for the year? [1 mark]

☐

A £30 860

☐

B £33 110

☐

C £37 610

☐

D £39 860

[Turn over]



08

Marge has provided the following information for the year ended 31 January 2023.

	£
Dishonoured cheque	145
Receipts from trade receivables	58 100
Trade receivables at 1 February 2022	6 330
Trade receivables at 31 January 2023	6 870

What is the value of the credit sales for the year ended 31 January 2023? [1 mark]

☐

A £57 415

☐

B £57 705

☐

C £58 495

☐

D £58 785



09

The motor vehicles provision for depreciation account for the year ended 31 December 2022 contains the entries:

	£
Balance at 1 January 2022	40 512
Balance at 31 December 2022	22 293
Depreciation charge for the year	7 922

On 31 October 2022 a motor vehicle was sold. There were no other additions or disposals of motor vehicles during the year.

What entry will be made in the motor vehicles provision for depreciation account to record the depreciation on the motor vehicle sold? [1 mark]

☐ A £10 297 Credit

☐ B £10 297 Debit

☐ C £26 141 Credit

☐ D £26 141 Debit

[Turn over]



1	0
---	---

The following information is available for the year ended 31 January 2023.

	£
Provision for doubtful debts account at 1 February 2022	5 942
Trade receivables at 31 January 2023	148 700

A provision for doubtful debts of 3% is required at the year end.

What is the income statement entry for doubtful debts for the year ended 31 January 2023? [1 mark]

- ☐ A Expense of £1 481
- ☐ B Other income of £1 481
- ☐ C Expense of £4 461
- ☐ D Other income of £4 461



1	1
---	---

A bookkeeper received a purchase invoice that has NOT been recorded in the accounts.

**Explain why this error might not be discovered.
[3 marks]**

[Turn over]



1	2
---	---

The source material for Question 12 is provided on page 3 of the separate insert.

Prepare the trading section of the income statement to show the gross profit for the year ended 31 January 2023. [7 marks]

PETER

Extract from income statement for the year ended 31 January 2023



Workings _____



1 3

The source material for Question 13 is provided on pages 4 and 5 of the separate insert.

Prepare the current account for Bennett, clearly showing the balance brought down at 1 June 2022. Dates are not required. [10 marks]

Dr **CURRENT ACCOUNT - BENNETT** Cr

Details	£	Details	£



Workings

[illegible]

[Turn over]







30



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[Turn over]





SECTION B

Answer ALL questions in this section.

14

The source material for Question 14 is provided on pages 6 and 7 of the separate insert.

14.1

On the opposite page, complete the statement of changes in equity for Rexarol plc for the year ended 31 March 2023. [14 marks]

**REXAROL PLC****Statement of changes in equity for the year ended 31 March 2023**

	Share capital £'000	Share premium £'000	Revaluation reserve £'000	Retained earnings £'000
Balance at 1 April 2022	1 400	630	0	1 054

[Turn over]

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Workings

[Turn over]





[Turn over]



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[Turn over]

14.2

Assess the impacts that the bonus issue and the asset revaluation will have on the individual shareholders of Rexarol plc. [6 marks]

This image shows a blank sheet of white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.



1	5
---	---

The source material for Question 15 is provided on pages 8 and 9 of the separate insert.

1	5	.	1
---	---	---	---

Prepare an extract of the statement of financial position at 31 December 2022 showing the TOTAL (non-current and current) assets section only. [14 marks]

BHAMEN

Extract from the statement of financial position at 31 December 2022

[Turn over]







[illegible]



1	5	.	2
---	---	---	---

Bhamen's bookkeeper has found maintaining the financial records by double entry is very time consuming and argues that the size of the business does not justify the effort. She thinks a single entry system would be more efficient and save the business money.

Assess whether Bhamen should accept the bookkeeper's proposal. [6 marks]

[Turn over]



[illegible]

[Turn over]

40



SECTION C

Answer ALL questions in this section.

1	6
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The source material for Question 16 is provided on pages 10–12 of the separate insert.

Evaluate which option should be used to reduce Rexmantel Ltd's overdraft.

Your answer should include a justified recommendation. [25 marks]



[illegible]

[illegible]





1	7
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The source material for Question 17 is provided on pages 14 and 15 of the separate insert.

Advise Okeke on whether Gary Hughes is acting in the best interests of Gonville plc.

Consider BOTH ethical and financial factors.
[25 marks]

[Turn over]











END OF QUESTIONS

50



Additional page, if required.

Write the question numbers in the left-hand margin.

[illegible]

Additional page, if required.

Write the question numbers in the left-hand margin.

[illegible]

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For Examiner's Use	
Section	Mark
A	
B	
C	
TOTAL	

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