



**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]**



## **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**



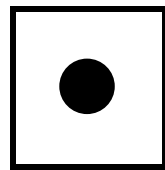
## SECTION A

**Answer ALL questions in this section.**

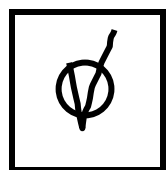
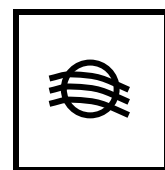
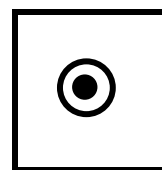
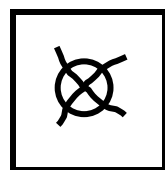
**Only ONE answer per question is allowed.**

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

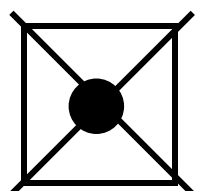
**CORRECT METHOD**



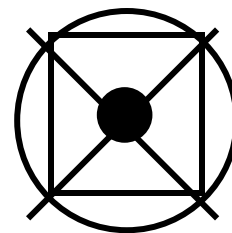
**WRONG METHODS**



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



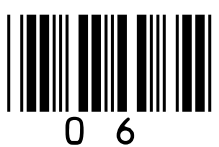
**If you wish to return to an answer previously crossed out, ring the answer you now wish to select as shown.**



**[Turn over]**



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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
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**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
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**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
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**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
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**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
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**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
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**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]**



0	8
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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**

**[Turn over]**



0	9
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**The motor vehicles provision for depreciation account for the year ended 31 December 2022 contains the entries:**

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

**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]**



10

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**

**[Turn over]**

1	1
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**A bookkeeper received a purchase invoice that has NOT been recorded in the accounts.**

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

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1	2
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**The source material for Question 12 is provided on pages 2 and 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**

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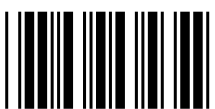
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# Workings

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**[Turn over]**



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2 4



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**[Turn over]**



1	3
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**The source material for Question 13 is provided on pages 4 and 5 of the separate insert.**

**On the opposite page, 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	£

[Turn over]



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# Workings

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**[Turn over]**



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**[Turn over]**





## SECTION B

**Answer ALL questions in this section.**

**1 4**

**The source material for Question 14 is provided on pages 6–9 of the separate insert.**

**34**

**1 4 . 1**

**On pages 36 and 37, complete the statement of changes in equity for Rexarol plc for the year ended 31 March 2023.  
[14 marks]**



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**[Turn over]**



# 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]





3 8

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# Workings

39

[Turn over]







4 1

[Turn over]

**1 4 . 2**

**Assess the impacts that the bonus issue and the asset revaluation will have on the individual shareholders of Rexarol plc.**

**[6 marks]**

[illegible]



[illegible]

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**[Turn over]**



1	5
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**The source material for Question 15 is provided on pages 10–12 of the separate insert.**

1	5	.	1
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**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**

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**[Turn over]**



[illegible]



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# Workings

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[Turn over]



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**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]**

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**[Turn over]**



**SECTION C**

**Answer ALL questions in this section.**

<b>1</b>	<b>6</b>
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**The source material for Question 16 is provided on pages 14–18 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]**

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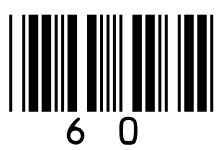


Handwriting practice lines consisting of 18 horizontal lines.

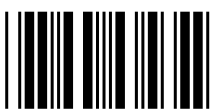




Handwriting practice lines consisting of 18 horizontal lines.





[illegible]



1	7
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**The source material for Question 17 is provided on pages 19–22 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]**

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END OF QUESTIONS

50





**Additional page, if required.**

**Write the question numbers in the left-hand margin.**

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**Additional page, if required.**

**Write the question numbers in the left-hand margin.**



**Additional page, if required.**

**Write the question numbers in the left-hand margin.**



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For Examiner's Use	
Section	Mark
A	
B	
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TOTAL	

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