

Please check the examination details below before entering your candidate information

Candidate surname

Other names

Centre Number

Candidate Number

**Pearson Edexcel International Advanced Level**

**Friday 9 May 2025**

Afternoon (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 ►

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**SECTION A**

**Answer BOTH questions in this section.**

**Source material for Question 1 is on pages 2 and 3 of the Source Booklet.**

**1** (a) Prepare for the year ended 30 April 2025 the:

(i) Manufacturing Account

(16)

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(ii) Statement of Profit or Loss and Other Comprehensive Income.

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(b) Prepare the Statement of Financial Position at 30 April 2025.

(13)

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The owner of Really Tasty is considering a major expansion of the production and sale of cheese.

The owner of Really Tasty stated:

“All we need to do is advertise. We can finance the advertising campaign by taking out a bank loan for £50 000. That is all the additional funding that we require to complete a major expansion of the production and sale of cheese.”

(c) Evaluate the owner’s statement.

(12)

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



Source material for Question 2 is on pages 4 and 5 of the Source Booklet.

- 2 (a) Prepare the Departmental Statement of Profit or Loss and Other Comprehensive Income, in **columnar format**, for the year ended 30 April 2025.  
A Total column is **not** required.

(35)

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The owner of Potting Garden Centre made the following statement:

“I do not know why we bother apportioning overheads to the three departments. Would it not be better to just charge one third of the total overheads to each of the three departments?”

(b) Evaluate the owner’s statement.

(12)

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(c) Calculate the forecast profit or loss for the proposed toy department.

(5)

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(d) State **three** reasons why it might be better to retain the cafe rather than replace it with a department selling toys.

(3)

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(Total for Question 2 = 55 marks)

**TOTAL FOR SECTION A = 110 MARKS**

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**SECTION B**

**Answer THREE questions from this section.**

**Indicate which question you are answering by marking a cross . 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 6 and 7 of the Source Booklet.**

**3 (a) Explain the terms:**

(i) provision

(2)

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(ii) prudence concept.

(2)

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(b) Calculate the:

(i) value of the irrecoverable debt due from the customer who had become bankrupt

(1)

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(ii) corrected profit for the year ended 30 April 2025 **after** making the adjustments for the irrecoverable debt and allowance for irrecoverable debts.

(3)

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(c) Prepare the:

(i) Allowance for Irrecoverable Debts Account for the year ended 30 April 2025

(4)

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(ii) Statement of Financial Position at 30 April 2025 showing the **current assets section** only.

(4)

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(d) Explain **four** ways in which Achira could reduce the possibility of irrecoverable debts when supplying goods on credit.

(8)

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2 .....

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(e) Evaluate whether Achira should stop trading on credit and sell goods only for cash.

(6)

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(Total for Question 3 = 30 marks)



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

Source material for Question 4 is on page 8 of the Source Booklet.

4 (a) Explain the terms:

(i) inventory count

(2)

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(ii) capital expenditure.

(2)

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(b) Complete the table showing the effect on the profit for the year of the correction of **each** error and the revised profit for the year.

(20)

**Abhik**

**Statement of Revised Profit for the year ended 30 April 2025**

			£
Draft profit 30 April 2025			16 400
	<b>Increase</b>	<b>Decrease</b>	
	<b>£</b>	<b>£</b>	
1. Returns inwards			
2. Inventory count			
3. Commission receivable			
4. General expenses and equipment repairs			
5. Loan to employee			
6. Office stationery			
7. Office fixtures			
8. Legal case provision			
9. Allowance for irrecoverable debts			
Total			
Revised profit for the year			

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Workings

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Abhik values his inventory using the First In First Out (FIFO) method.

(c) Evaluate the use of the First In First Out (FIFO) method.

(6)

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



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

Source material for Question 5 is on pages 10 and 11 of the Source Booklet.

- 5 (a) Prepare a quotation for Job 96, by completing the table, showing the material cost, labour cost, overhead cost and the total price to be charged to the customer. (10)

**Quotation**

**Job 96**

	£	£
<b>Raw materials</b>		
Mechanical components		
Electrical components		
<b>Direct labour</b>		
Assembly		
Testing and packing		
<b>Overheads</b>		
Assembly		
Testing and packing		
<b>Total cost</b>		
Profit at 20%		
<b>Quotation price</b>		

Workings

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(b) Calculate the **actual profit** made by Dalia Systems on Job 96.

(6)

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(c) Explain the terms:

(i) job costing

(2)

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(ii) day work remuneration.

(2)

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(d) State whether **each** of the following overhead costs has the characteristics of a **fixed, semi-fixed** or **semi-variable** overhead cost.

(4)

(i) A rent of £2 000 per year is paid for the hire of the business premises.

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(ii) The number of supervisors will depend upon the number of jobs that Dalia Systems is producing.

Supervisors are paid for managing a maximum of 15 jobs.

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(iii) The electricity bill is based on a fixed payment plus a charge per unit of electricity used.

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(iv) Depreciation is charged on non-current assets at 20% per annum.

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

Source material for Question 6 is on pages 12 and 13 of the Source Booklet.

6 (a) Explain the terms:

(i) social accounting

(2)

(ii) accounting ethics.

(2)

(b) Calculate the working capital of Daamin's business.

(3)

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(c) Calculate the following ratios correct to **two** decimal places.

(i) Current ratio

(2)

(ii) Liquid (acid test) ratio

(2)

(iii) Trade payables payment period (in days)

(3)

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(iv) Trade receivables collection period (in days).

(3)

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(d) Comment on **two** positive aspects of the liquidity of Daamin's business.

(4)

1 .....

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2 .....

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Daamin needs to purchase some additional non-current assets for his business at a cost of £25 000. He prefers to make the purchase by paying by cheque.

(e) Calculate the liquid (acid test) ratio **if** Daamin purchases the non-current assets paying by cheque.

(3)

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# Pearson Edexcel International Advanced Level

**Friday 9 May 2025**

Afternoon (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* ►

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## SECTION A

Answer BOTH questions in this section.

1 Really Tasty is a manufacturer of cheese.

The following balances were in the books of accounts at 30 April 2025.

	£
Administrative wages	75 000
Allowance for irrecoverable debts	2 000
Capital	120 000
Carriage inwards on raw materials	8 000
Cash and bank	5 800
Direct manufacturing expenses	9 800
Drawings	15 000
Electricity and water	12 000
General administrative expenses	14 500
Indirect manufacturing expenses	12 400
Insurance	3 800
Inventory 1 May 2024:	
Raw materials	4 500
Work in progress	6 300
Finished goods	37 600
Irrecoverable debts	4 000
Management salaries	102 000
Manufacturing wages	86 000
Non-current assets (at cost):	
Factory machinery	96 000
Office computers	45 000
Fixtures and fittings	30 000
Provisions for depreciation on non-current assets:	
Factory machinery	50 000
Office computers	30 000
Fixtures and fittings	18 000
Purchases of raw materials	90 000
Rent and rates	14 800
Repairs to factory machinery	7 200
Revenue	480 000
Trade payables	29 700
Trade receivables	50 000



**Additional information at 30 April 2025.**

- (1) Inventory – Raw materials           £5 500  
                  – Work in progress       £7 500  
                  – Finished goods       £40 100
- (2) Manufacturing wages of £3 200 were owing.
- (3) Rates of £1 400 were prepaid.
- (4) The electricity and water, insurance, management salaries, and rent and rates are allocated 50% to manufacturing and 50% to administration.
- (5) Depreciation is calculated on all non-current assets owned at the end of the year at the following rates.
  - Factory machinery at 20% per annum using the reducing balance method.
  - Office computers at 30% per annum using the reducing balance method.
  - Fixtures and fittings at 10% per annum using the straight-line method.
- (6) An additional £2 000 is to be written off trade receivables as irrecoverable.  
An allowance of 5% is to be made on all remaining debts.
- (7) Manufactured goods are transferred to the finished goods warehouse at cost.

**Required**

- (a) Prepare for the year ended 30 April 2025 the:
  - (i) Manufacturing Account (16)
  - (ii) Statement of Profit or Loss and Other Comprehensive Income. (14)
- (b) Prepare the Statement of Financial Position at 30 April 2025. (13)

The owner of Really Tasty is considering a major expansion of the production and sale of cheese.

The owner of Really Tasty stated:

“All we need to do is advertise. We can finance the advertising campaign by taking out a bank loan for £50 000. That is all the additional funding that we require to complete a major expansion of the production and sale of cheese.”

- (c) Evaluate the owner’s statement. (12)

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

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2 Potting Garden Centre is a retailer of plants and garden tools. The business has three departments:

- Plants
- Garden tools
- Cafe.

The following balances were extracted from the books of accounts at 30 April 2025.

	£
Cost of sales:	
Plants	150 000
Garden tools	300 000
Cafe	25 000
Delivery expenses	16 000
General expenses	20 000
Light and heat	15 000
Management salaries	80 000
Non-current assets (cost):	
Land and buildings	500 000
Equipment	80 000
Fixtures and fittings	40 000
Provisions for depreciation:	
Land and buildings	80 000
Equipment	40 000
Fixtures and fittings	10 000
Business rates for buildings	8 900
Redecoration of the cafe	3 500
Revenue:	
Plants	450 000
Garden tools	450 000
Cafe	100 000
Wages:	
Plants	87 500
Garden tools	41 500
Cafe	30 000

**Additional information at 30 April 2025**

- (1) Wages accrued: Plants £3 500 Garden tools £2 500
- (2) Business rates of £900 were prepaid.
- (3) Depreciation is to be charged on all non-current assets owned at the end of the year.
  - No depreciation is charged on the land cost of £100 000. Depreciation is charged on the buildings at the rate of 5% using the straight-line method
  - Equipment at the rate of 25% per annum using the reducing balance method
  - Fixtures and fittings at the rate of 15% per annum using the straight-line method.
- (4) Provisions are to be made for a:
  - (i) probable irrecoverable debt of £4 000 for garden tools supplied to a credit customer
  - (ii) legal claim of £600 from a customer for injury in the cafe.



(5) Business data:

	Plants	Garden tools	Cafe
Staff employed (number)	9	4	3
Equipment at cost (£)	10 000	20 000	50 000
Fixtures and fittings use (%)	10	50	40
Floor area occupied (sq m)	1 000	700	300
Delivery expenses used (%)	80	20	–
General expenses (%)	45	45	10

**Required**

(a) Prepare the Departmental Statement of Profit or Loss and Other Comprehensive Income, in **columnar format**, for the year ended 30 April 2025. A Total column is **not** required.

(35)

The owner of Potting Garden Centre made the following statement.

“I do not know why we bother apportioning overheads to the three departments. Would it not be better to just charge one third of the total overheads to each of the three departments?”

(b) Evaluate the owner’s statement.

(12)

The owner of Potting Garden Centre has been considering closing the cafe and replacing it with a department selling toys. She has prepared the following estimates:

Projected revenue	£360 000
Mark up on cost of sales	50%
Staffing requirement	4 staff at £9 800 per annum each
Estimated annual overheads	£65 000

**Required**

(c) Calculate the forecast profit or loss for the proposed toy department.

(5)

(d) State **three** reasons why it might be better to retain the cafe rather than replace it with a department selling toys.

(3)

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

**TOTAL FOR SECTION A = 110 MARKS**

## SECTION B

Answer **THREE** questions from this section.

**3** Achira is in business buying and selling goods on credit.

The following is the age schedule of his trade receivables debts.

Age	0–1 month	1–2 months	2–3 months	Over 3 months	Total
	£	£	£	£	£
Value	10 500	5 500	4 000	5 000	25 000

### Additional information

- Achira calculated his profit for the year ended 30 April 2025 as £14 000 **before** being advised that the customer, whose debt of £5 000 had been outstanding for over 3 months, had become bankrupt. Achira received a cheque for £500 in full settlement of the £5 000 debt on 30 April 2025.
- Other balances in the books of Achira on 30 April 2025 **before** any adjustments for the bankruptcy of the customer were:

	<b>£</b>	
Bank	3 500	Dr
Inventory	17 500	
Trade payables	8 900	
Other receivables	1 400	
Allowance for irrecoverable debts – 1 May 2024	900	

- Achira maintains the allowance for irrecoverable debts at 4% of the total trade receivables debt.

### Required

(a) Explain the terms:

(i) provision (2)

(ii) prudence concept. (2)

(b) Calculate the:

(i) value of the irrecoverable debt due from the customer who had become bankrupt (1)

(ii) corrected profit for the year ended 30 April 2025 **after** making the adjustments for the irrecoverable debt and allowance for irrecoverable debts. (3)



(c) Prepare the:

(i) Allowance for Irrecoverable Debts Account for the year ended 30 April 2025 (4)

(ii) Statement of Financial Position at 30 April 2025 showing the **current assets section** only. (4)

(d) Explain **four** ways in which Achira could reduce the possibility of irrecoverable debts when supplying goods on credit. (8)

(e) Evaluate whether Achira should stop trading on credit and sell goods only for cash. (6)

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

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**4** Abhik is in business buying and selling fruit and vegetables.

His bookkeeper prepared a draft statement of profit or loss and other comprehensive income for the year ended 30 April 2025, which showed a profit for the year of £16 400

On inspection of the draft statement Abhik found that the following errors had been made.

- (1) Returns inwards of £980 had been added to the revenue (sales).
- (2) 25 boxes of vegetables at £9 per box had been omitted from the inventory count on 30 April 2025.
- (3) Commission receivable of £135 had been recorded as commission payable.
- (4) No adjustments had been made for general expenses owing of £720 and equipment repairs prepaid of £170
- (5) A loan of £500 to an employee had been included in the Wages Account.
- (6) Office stationery expenditure of £600 had been omitted from the draft statement.
- (7) The total value of new office fixtures costing £5 000 had been recorded in the draft statement. Depreciation is charged on office fixtures at 15% using the straight-line method.
- (8) A provision of £5 000 for a legal case had been included in the draft statement as £3 000
- (9) The balance of the allowance for irrecoverable debts at 1 May 2024 was £2 350. No adjustments of the allowance had been included in the draft statement of profit or loss and other comprehensive income. On 30 April 2025, the trade receivables totalled £36 000 and Abhik estimates that 5% may become irrecoverable.

**Required**

- (a) Explain the terms:
    - (i) inventory count (2)
    - (ii) capital expenditure. (2)
  - (b) Complete the table in the question paper showing the effect on the profit for the year of the correction of **each** error and the revised profit for the year. (20)
- Abhik values his inventory using the First In First Out (FIFO) method.
- (c) Evaluate the use of the First In First Out (FIFO) method. (6)

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



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**5** Dalia Systems is a business manufacturing cooling systems for buildings.

Dalia Systems has been requested to quote for a contract to supply a cooling system for a customer's new building. The quotation has been given the number Job 96.

It has been estimated that Job 96 will require the following.

(1) Raw materials

Mechanical components	15 components @ £40 per component
Electrical components	100 components @ £2 per component

(2) Direct labour

Assembly	50 hours @ £20 per hour
Testing and packing	20 hours @ £25 per hour

(3) Overheads

Assembly	Based on direct labour hours @ £30 per hour
Testing and packing	Based on direct labour hours @ £20 per hour

(4) Profit

Dalia Systems requires a 20% profit margin on all final quotation prices.

**Required**

- (a) Prepare a quotation for Job 96, by completing the table in the question paper, showing the material cost, labour cost, overhead cost and the total price to be charged to the customer.

(10)

The order was placed by the customer at a fixed price and Job 96 was manufactured.

When purchasing the raw materials to manufacture Job 96, Dalia Systems had to pay increased prices for the components purchased of 10% for mechanical components and 5% for electrical components.

The number of components purchased and used were:

	Percentage increase in prices	Number of components purchased and used
Mechanical components	10%	16
Electrical components	5%	110

Total direct labour used in manufacturing of Job 96 was £1 350 and overheads used were £1 700



## Required

- (b) Calculate the **actual profit** made by Dalia Systems on Job 96. (6)
- (c) Explain the terms:
- (i) job costing (2)
  - (ii) day work remuneration. (2)
- (d) State whether **each** of the following overhead costs has the characteristics of a **fixed, semi-fixed** or **semi-variable** overhead cost. (4)
- (i) A rent of £2 000 per year is paid for the hire of the business premises.
  - (ii) The number of supervisors will depend upon the number of jobs that Dalia Systems is producing.  
Supervisors are paid for managing a maximum of 15 jobs.
  - (iii) The electricity bill is based on a fixed payment plus a charge per unit of electricity used.
  - (iv) Depreciation is charged on non-current assets at 20% per annum.

The Production Manager stated:

“The only way that we will be able to reduce the cost of the product is to replace the day work remuneration method with a piecework remuneration method.”

- (e) Evaluate whether replacing the day work remuneration method with a piecework remuneration method will reduce the costs. (6)

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

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**6** Daamin is in business buying and selling goods on credit.

The following balances were in his books of accounts on 30 April 2025.

	<b>£</b>
Non-current assets	50 000
Inventory	20 000
Trade payables	30 000
Trade receivables	26 000
Capital	70 000
Bank	4 000 Dr
Purchases	300 000
Revenue (sales)	400 000

**Additional information**

- 90% of purchases were on credit.
- 25% of revenue (sales) were for cash.

**Required**

- (a) Explain the terms:
- (i) social accounting (2)
  - (ii) accounting ethics. (2)
- (b) Calculate the working capital of Daamin's business. (3)
- (c) Calculate the following ratios correct to **two** decimal places.
- (i) Current ratio (2)
  - (ii) Liquid (acid test) ratio (2)
  - (iii) Trade payables payment period (in days) (3)
  - (iv) Trade receivables collection period (in days). (3)
- (d) Comment on **two** positive aspects of the liquidity of Daamin's business. (4)



Daamin needs to purchase some additional non-current assets for his business at a cost of £25 000. He prefers to make the purchase by paying by cheque.

(e) Calculate the liquid (acid test) ratio **if** Daamin purchases the non-current assets paying by cheque. (3)

(f) Evaluate whether Daamin should pay for the new non-current assets by cheque from the bank account or fund the purchase by some other method. (6)

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

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**TOTAL FOR SECTION B = 90 MARKS**

**TOTAL FOR PAPER = 200 MARKS**



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