



**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**

**Thursday 23 May 2024      Afternoon**

**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]**



J U N 2 4 7 1 2 7 1 0 1

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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**



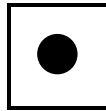
## SECTION A

Answer ALL questions in this section.

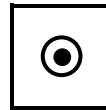
For multiple-choice questions only ONE answer per question is allowed.

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

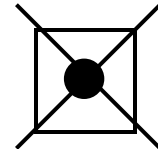
**CORRECT METHOD**



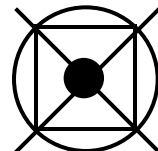
**WRONG METHODS**



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 of the following correctly lists items to be shown as debit entries in an income statement? [1 mark]**

**A Carriage inwards; carriage outwards; returns inwards**

**B Carriage inwards; carriage outwards; returns outwards**

**C Carriage inwards; returns inwards; returns outwards**

**D Carriage outwards; returns inwards; returns outwards**

**[Turn over]**



02

Which of the following is NOT shown on a statement of changes in equity? [1 mark]

**A Bonus issue of ordinary shares**

**B Debenture interest paid**

**C Dividends paid**

**D Rights issue of ordinary shares**



0	3
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**A business owner records goods taken for their own use as drawings.**

**Which accounting concept is being applied? [1 mark]**

**A Business entity**

**B Consistency**

**C Money measurement**

**D Realisation**

**[Turn over]**





0 8

04

What is the correct formula for the capital gearing ratio? [1 mark]

A

$$\frac{\text{Non-current liabilities}}{\text{Issued share capital} + \text{current liabilities}} \times 100$$

B

$$\frac{\text{Non-current liabilities}}{\text{Issued share capital} + \text{non-current liabilities}} \times 100$$

C

$$\frac{\text{Non-current liabilities}}{\text{Issued share capital} + \text{reserves} + \text{current liabilities}} \times 100$$

D

$$\frac{\text{Non-current liabilities}}{\text{Issued share capital} + \text{reserves} + \text{non-current liabilities}} \times 100$$



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**[Turn over]**

0	5
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A sales ledger control account showed the following for January 2024.

<b>DETAILS</b>	<b>£</b>
<b>Balance on 1 January 2024</b>	<b>21 450</b>
<b>Contra with purchases ledger control account</b>	<b>190</b>
<b>Credit sales</b>	<b>38 692</b>
<b>Receipts from credit customers</b>	<b>27 955</b>

What was the balance brought down on the sales ledger control account on 1 February 2024? [1 mark]

- A £31 997 Credit
- B £31 997 Debit
- C £32 377 Credit
- D £32 377 Debit



0	6
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The purchase of a non-current asset has been recorded as administration expenditure.

What is the effect on profit in the income statement?  
[1 mark]

**A Gross profit overstated**

**B Gross profit understated**

**C Profit for the year overstated**

**D Profit for the year understated**

[Turn over]



0	7
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**Win, Xi and Zang are in partnership. They do not have a partnership agreement.**

**Which of the following would each partner be entitled to in addition to a third of the profits? [1 mark]**

**A 0% interest on capital; 0% interest on loans**

**B 0% interest on capital; 5% interest on loans**

**C 5% interest on capital; 0% interest on loans**

**D 5% interest on capital; 5% interest on loans**



0	8
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**Which of the following is NOT an advantage of a computerised accounting system? [1 mark]**

**A Increased processing speed**

**B Increased reliability**

**C Reduced errors**

**D Reduced training costs**

**[Turn over]**



0	9
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**Adam and Bea were in a partnership, sharing profits and losses equally.**

**On 31 March 2024 Bea left the partnership and Cooper joined the partnership. On that date goodwill was valued at £60 000.**



What is the journal entry to record the goodwill in the accounting records? [1 mark]

	ACCOUNT	DEBIT £	CREDIT £
<input type="radio"/> A	Capital – Adam	30 000	
	Capital – Bea	30 000	
	Goodwill		60 000
<input type="radio"/> B	Current – Adam	30 000	
	Current – Bea	30 000	
	Goodwill		60 000
<input type="radio"/> C	Goodwill	60 000	
	Capital – Adam		30 000
	Capital – Bea		30 000
<input type="radio"/> D	Goodwill	60 000	
	Current – Adam		30 000
	Current – Bea		30 000

[Turn over]



10

The following information is available for a company:

<b>ON 1 APRIL 2023</b>	<b>£</b>
<b>Issued share capital of £2 shares</b>	<b>65 000</b>
<b>Share premium</b>	<b>25 000</b>

During the year ended 31 March 2024, £62 400 was received from a rights issue of 26 000 shares.

What is the value of share capital and share premium in the statement of financial position at 31 March 2024?  
[1 mark]

		<b>SHARE CAPITAL</b> £	<b>SHARE PREMIUM</b> £
<input type="radio"/>	<b>A</b>	<b>91 000</b>	<b>35 400</b>
<input type="radio"/>	<b>B</b>	<b>91 000</b>	<b>61 400</b>
<input type="radio"/>	<b>C</b>	<b>117 000</b>	<b>35 400</b>
<input type="radio"/>	<b>D</b>	<b>117 000</b>	<b>61 400</b>





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The source material for Question 12 is provided on page 2 of the separate insert.

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On the opposite page, prepare journal entries to correct the errors. Dates and narratives are NOT required.  
[6 marks]





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Dina calculated a draft profit for the year ended 30 April 2024 of £19 220 before finding the errors.

1 2 . 2

Calculate the revised profit for the year ended 30 April 2024 after correcting for the errors found.  
[5 marks]

	£
Draft profit for the year ended 30 April 2024	19 220
Error 1	
Error 2	
Error 3	
Error 4	
Revised profit for the year ended 30 April 2024	

[Turn over]





1 3

The source material for Question 13 is provided on page 3 of the separate insert.

Prepare the inventory account for the year ended 31 March 2024. Show clearly the amounts to be transferred to the income statement.

Balance the account and bring the balance down on 1 April 2024. [6 marks]

DR INVENTORY ACCOUNT CR

DATE	DETAILS	£	DATE	DETAILS	£



**Working space**

**[Turn over]**

**SECTION B**

**Answer ALL questions in this section.**

**1 4**

**The source material for Question 14 is provided on pages 4–5 of the separate insert.**

**1 4 . 1**

**Prepare the statement of cash flows for the year ended 31 May 2024 to comply with IAS 7.**

**The reconciliation of operating profit to the net cash flow from operating activities for the year ended 31 May 2024 should be shown. [14 marks]**

**C LTD**

**Statement of cash flows for the year ended 31 May 2024**

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**[Turn over]**



















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**SECTION C**

**Answer ALL questions in this section.**

**1 6**

**The source material for Question 16 is provided on pages 8–9 of the separate insert.**

**1 6**

**Evaluate the two options and advise Hassan on which option he should choose.**

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

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**[Turn over]**



















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**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	
C	
<b>TOTAL</b>	

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