Mark Scheme (Results)

Summer 2017

Pearson Edexcel International GCSE
In Accounting (4AC0) Paper 01

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General Marking Guidance

- All candidates must receive the same treatment. Examiners must mark the first candidate in exactly the same way as they mark the last.
- Mark schemes should be applied positively. Candidates must be rewarded for what they have shown they can do rather than penalised for omissions.
- Examiners should mark according to the mark scheme not according to their perception of where the grade boundaries may lie.
- There is no ceiling on achievement. All marks on the mark scheme should be used appropriately.
- All the marks on the mark scheme are designed to be awarded. Examiners should always award full marks if deserved, i.e. if the answer matches the mark scheme. Examiners should also be prepared to award zero marks if the candidate's response is not worthy of credit according to the mark scheme.
- Where some judgement is required, mark schemes will provide the principles by which marks will be awarded and exemplification may be limited.
- When examiners are in doubt regarding the application of the mark scheme to a candidate's response, the team leader must be consulted.
- Crossed out work should be marked UNLESS the candidate has replaced it with an alternative response.

Section A: multiple choice

Question Number	Answer	Mark
1	A	**(1)**
Question Number	Answer	Mark
2	A	**(1)**
Question Number	Answer	Mark
3	B	**(1)**
Question Number	Answer	Mark
4	A	**(1)**
Question Number	Answer	Mark
5	B	**(1)**
Question Number	Answer	Mark
6	C	**(1)**
Question Number	Answer	Mark
7	B	**(1)**
Question Number	Answer	Mark
8	A	**(1)**
Question Number	Answer	Mark
9	B	**(1)**
Question Number	Answer	Mark
10	B	**(1)**

Question Number	Answer	Mark
11(a)	**Award marks for correct amounts as indicated.** **Award 1 mark for ALL correct dates and narratives** **Sales ledger control account**	**(8)**

Date	**Narrative**	**£**	**Date**	**Narrative**	**£**
Mar 1	Bal b/f	4290 **(1)**	Mar 31	Returns inwards	320 **(1)**
Mar 31	Sales	4 800 **(1)**		Bad debts	253 **(1)**
	Bank	210 **(1)**		Bank	5 421**(1** for both)
				Discount allowed	66
				Bal c/d	3 240
		9 300			9 300
Apr 1	Bal b/d	3 240 (**1**) of			

Question Number	Answer	Mark
11 (b)	**Award 1 mark for correct date, details and amounts in combination. Award 1 mark for total line**	**(9)**

Purchases Book

Date	Name	£	£	£
Apr 3	T Hinds	288.00	57.60	345.60**(1)**
Apr 6	R Tibbs	1 251.00	250.20	1 501.20 **(1)**
Apr 12	W Brown	801.00	160.20	961.20 **(1)**
Apr 28	T Hinds	405.00	81.00	486.00 **(1)**
Apr 30	W Brown	684.00	136.80	820.80 **(1)**
	Total for month	3 429.00	685.80	4 114.80 **(1of)**

Purchases Returns Book

Date	Name	£	£	£
Apr 10	T Hinds	77.40	15.48	92.88 **(1)**
Apr 24	R Tibbs	189.00	37.80	226.80 **(1)**
	Total for month	266.40	53.28	319.68 **(1of)**

Question Number	Answer	Mark
11 (c)	**Award 1 mark for each correctly stated reason (max 3)** **Sample responses** Purchasing large or bulk quantities To encourage repeat business For businesses in the same trade	**(3)**

Question Number	Answer	Mark
12 (a)	**Award 1 mark for each correct figure** **R Hopkins** **Balance Sheet as at 28 February 2017**	**(4)**

	£	**£**
Fixed assets		
Motor vehicles	15 400	
Fixtures and fittings	1 900	
		17 300 **(1)**
Current assets		
Stock	5 521	
Debtors	7 429	
Cash at bank	3 126	
Cash in hand	289	
	16 365	
Current liabilities		
Creditors	5 288	
Working Capital		11 077**(1 of)**
		28 377**(1of)**
Financed by		
Capital	10 000	
Net profit	23 698	
	33 698	
Drawings	5 321	
		28 377**(1)**

R Hopkins
Balance Sheet as at 28 February 2017

	£	£
Assets		
Non-current assets		
Motor vehicles	15 400	
Fixtures and fittings	1 900	
		17 300 **(1)**
Current assets		
Stock	5 521	
Debtors	7 429	
Cash at bank	3 126	
Cash in hand	289	
	16 365	16 365
Total assets		33665 (1of)
Equity and Liabilities		
Equity		
Opening balance	10 000	
Net profit	23 698	
	33 698	
Drawings	5 321	
		28 377**(1)**
Current liabilities		
Creditors		5 288
Total equity and liabilities		33665 (1of)

Question Number	Answer	Mark
12 (b)	Principle/principle **(1)**	**(1)**

<table>
<tr><td>Question Number</td><td>Mark</td><td>Mark</td></tr>
<tr><td>12 (c)</td><td>Award marks for correct details and amounts in combination.

The Journal

<table>
<tr><td></td><td></td><td>Debit</td><td>Credit</td></tr>
<tr><td>(1)</td><td>Drawings</td><td>350 (1)</td><td></td></tr>
<tr><td></td><td>Purchases</td><td></td><td>350 (1)</td></tr>
<tr><td></td><td></td><td></td><td></td></tr>
<tr><td>(2)</td><td>Profit and loss</td><td>475 (1)</td><td></td></tr>
<tr><td></td><td>Provision for depreciation</td><td></td><td>475 (1)</td></tr>
<tr><td></td><td></td><td></td><td></td></tr>
<tr><td>(3)</td><td>Motor vehicles</td><td>12 000 (1)</td><td></td></tr>
<tr><td></td><td>DEF Traders</td><td></td><td>12 000 (1)</td></tr>
<tr><td></td><td></td><td></td><td></td></tr>
<tr><td>(4)</td><td>Bad debts</td><td>876 (1)</td><td></td></tr>
<tr><td></td><td>Sales ledger control account</td><td></td><td>876 (1)</td></tr>
<tr><td></td><td></td><td></td><td></td></tr>
<tr><td>(5)</td><td>Motor vehicle expenses</td><td>1 500 (1)</td><td></td></tr>
<tr><td></td><td>Motor vehicle</td><td></td><td>1 500 (1)</td></tr>
</table></td><td>(10)</td></tr>
<tr><td>Question Number</td><td>Answer</td><td>Mark</td></tr>
<tr><td>12 (d)</td><td>Award mark for correct figures only

New vehicle 12 000 – expenses 1 500 (1) x 25% (1) = 2 625 (1of)</td><td>(3)</td></tr>
<tr><td>Question Number</td><td>Answer</td><td>Mark</td></tr>
<tr><td>12 (e)</td><td>Award (1) mark for each correct response

Acceptable responses:

Consistency/consistency (1)
Accruals/accruals / Matching/matching (1)</td><td>(2)</td></tr>
</table>

Question Number	Answer	Mark
13 (a)	**Award 1 mark for each correct figure** |	£	£ | |---|---|---| | **Assets** | | | | Clubhouse | 5 000 | | | Equipment | 3 000 | | | Stock of refreshments | 421 | | | Subs in arrears | 340 | | | Cash | 1 267 | | | | | 10 028 **(1)** | | **Liabilities** | | | | Subs in advance | 200 | | | Creditors | 152 | | | | | 352 **(1)** | | **Accumulated Fund** | | **9 676 (1of)** |	**(3)**

Question Number	Answer	Mark
13 (b)	**Award marks for correct date, details and amounts in combination.** **Subscriptions account** | **Date** | **Narrative** | **£** | **Date** | **Narrative** | **£** | |---|---|---|---|---|---| | Apr 1 | Bal b/f | 340**(1)** | Apr 1 | Bal b/f | 200 **(1)** | | Mar 31 | Income and expenditure | 8 210 **(1of)** | Mar 31 | Bank | 8 000 **(1)** | | | Bal c/d | 130 | | Bal c/d | 480 | | | | 8 680 | | | 8 680 | | Apr 1 | Bal b/d | 480 (1) | Apr 1 | Bal b/d | 130 (1) |	**(6)**

<table>
<tr><th>Question Number</th><th>Mark</th><th>Mark</th></tr>
<tr><td>13 (c)</td><td>Award 1 mark for correct label and figure

Bowlers Cricket Club
Refreshments trading account
Year ended 31 March 2017

<table>
<tr><td></td><td>£</td><td>£</td></tr>
<tr><td>Sales</td><td></td><td>5 433 (1)</td></tr>
<tr><td>Cost of sales</td><td></td><td></td></tr>
<tr><td>Opening stock</td><td>421 (1)</td><td></td></tr>
<tr><td>Purchases</td><td>3 061 (3)</td><td></td></tr>
<tr><td></td><td>3 482</td><td></td></tr>
<tr><td>Closing stock</td><td>389 (1)</td><td></td></tr>
<tr><td>Cost of sales</td><td></td><td>3 093 (1of)</td></tr>
<tr><td>Gross profit</td><td></td><td>2 340(1of)</td></tr>
</table>

Calculation of purchases figure:
3070 (1) – 152 (1) +143 (1) = 3061</td><td>(8)</td></tr>
<tr><th>Question Number</th><th>Answer</th><th>Mark</th></tr>
<tr><td>13 (d)</td><td>Award 1 mark for each correct label and figure

Bowlers Cricket Club
Income and expenditure account
Year ended 31 March 2017

<table>
<tr><td></td><td>£</td><td>£</td></tr>
<tr><td>Income</td><td></td><td></td></tr>
<tr><td>Subscriptions</td><td>8 210 (1 of)</td><td></td></tr>
<tr><td>Profit on refreshments</td><td>2 340 (1 of)</td><td></td></tr>
<tr><td>Donations</td><td>5 000 (1)</td><td></td></tr>
<tr><td></td><td></td><td>15 550</td></tr>
<tr><td>Expenditure</td><td></td><td></td></tr>
<tr><td>Sundry expenses</td><td>3 500 (1)</td><td></td></tr>
<tr><td>Greenkeeper’s wages</td><td>9 000 (1)</td><td></td></tr>
<tr><td>*Depreciation of equipment</td><td>1 700 (2)</td><td></td></tr>
<tr><td></td><td></td><td>14 200</td></tr>
<tr><td>Surplus of income over expenditure</td><td></td><td>1 350 (1 of)</td></tr>
</table>

*Calculation of depreciation
200 (1) + 1 500 (1) = 1 700</td><td>(8)</td></tr>
</table>

<table>
<tr><th>Question Number</th><th>Answer</th><th>Mark</th></tr>
<tr><td>14 (a)</td><td>Award 1 mark for each correct figure

<table>
<tr><th>Ratio</th><th>Formula</th><th>Brown</th><th>Blair</th></tr>
<tr><td>Gross profit percentage</td><td>GP/Sales x 100 (1)</td><td>45% (1)</td><td>25 % (1)</td></tr>
<tr><td>Net profit percentage</td><td>NP/Sales x 100 (1)</td><td>10 % (1)</td><td>15% (1)</td></tr>
<tr><td>Return on capital employed</td><td>NP/Capital employed x 100(1)</td><td>8% (1)</td><td>12% (1)</td></tr>
</table></td><td>(9)</td></tr>
<tr><th>Question Number</th><th>Answer</th><th>Mark</th></tr>
<tr><td>14 (b)</td><td>Award (1) mark for comments on each category of ratio. Comments must relate to both businesses.

Award (1) mark for identifying that Blair is the more profitable business with a further (1) mark for justification.

Sample answer

The gross profit percentage for Brown indicates that he is marking up his goods by a larger percentage than Blair (1). However the net profit percentage for Blair indicates that he has better control of his overheads than Brown (1). This is reflected in the return on capital employed where Blair’s return on capital indicates that he is receiving a better return on the capital invested compared to Brown (1).

Overall it would appear that Blair is more profitable (1) than Brown as his net profit as a percentage of sales is higher than Brown and he is receiving a higher return on his capital employed (1)</td><td>(5)</td></tr>
</table>

<table>
<tr><th>Question Number</th><th>Answer</th><th>Mark</th></tr>
<tr><td>15 (a)</td><td>Award 1 mark for each correct category

<table>
<tr><td></td><td></td><td></td></tr>
<tr><td>Transaction</td><td>Capital expenditure</td><td>Revenue expenditure</td></tr>
<tr><td>Insurance</td><td></td><td>✓ (1)</td></tr>
<tr><td>Delivery charge</td><td>✓(1)</td><td></td></tr>
<tr><td>Import duty</td><td>✓ (1)</td><td></td></tr>
<tr><td>Maintenance contract</td><td></td><td>✓ (1)</td></tr>
<tr><td>Operator training cost</td><td>✓ (1)</td><td></td></tr>
<tr><td>Installation</td><td>✓ (1)</td><td></td></tr>
</table>
</td><td>(6)</td></tr>
</table>

Question Number	Answer	Mark
15 (b)	**Award (1) mark for comment related to the effect on the profit and loss account and (1) mark for the effect on the balance sheet.** **Award up to (2) marks for a relevant example.** **Award (1) mark for a conclusion.** **Sample response** The incorrect treatment of revenue expenditure would result in the net profit being either overstated or understated **(1).** The incorrect treatment of capital expenditure would result in the fixed assets section of the balance sheet being either overstated or understated **(1).** If, for example, a business enters the purchase of a motor vehicle in the motor expenses account this would result in the net profit being understated **(1)** and the value of the motor vehicles in the balance sheet being understated **(1).** By treating capital expenditure and revenue expenditure incorrectly would result in the financial statements not providing a true and fair view of the business **(1).**	**(5)**

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