



Mark Scheme (Results)

Summer 2018

Pearson Edexcel International GCSE
In Accounting (4AC0) Paper 1

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Section A: multiple choice

Question Number	Answer	Mark
1	<p><i>The correct Answer is C</i></p> <p><i>A is wrong because this is a purchase and not a sale.</i> <i>B is wrong because this is a purchase and not a sale.</i> <i>D is wrong because purchases are always debited when goods are purchased.</i></p>	(1)
2	<p><i>The correct Answer is B</i></p> <p><i>A is wrong because this is a ledger – not a primary accounting record</i> <i>C is wrong because this is a ledger – not a primary accounting record</i> <i>D is wrong because this is a statement – not a primary accounting record.</i></p>	(1)
3	<p><i>The correct Answer is B</i></p> <p><i>A is wrong because both accounts always have debit balances.</i> <i>C is wrong because assets always have debit balances.</i> <i>D is wrong because expenses always have debit balances.</i></p>	(1)
4	<p><i>The correct Answer is C</i></p> <p><i>A is wrong because bank loan is a liability.</i> <i>B is wrong because debtors are a current asset.</i> <i>D is wrong because premises are a tangible fixed asset.</i></p>	(1)
5	<p><i>The correct Answer is B</i></p> <p><i>A is wrong because a bank overdraft is a liability not an asset.</i> <i>C is wrong because a bank overdraft is a liability not an asset</i> <i>D is wrong because a bank overdraft is a current liability not a long-term liability.</i></p>	(1)

Question Number	Answer	Mark
6	<p><i>The correct Answer is B</i></p> <p><i>A is wrong because this is a purchase of inventory which is revenue expenditure</i></p> <p><i>C is wrong because this is an item of revenue expenditure</i></p> <p><i>D is wrong because this is an item of revenue expenditure</i></p>	(1)
7	<p><i>The correct Answer is D</i></p> <p><i>A is wrong because both capital and revenue expenditure are treated in the same way in the cash book.</i></p> <p><i>B is wrong because creditors are not affected by this error.</i></p> <p><i>C is wrong because debtors are not affected by this error.</i></p>	(1)
8	<p><i>The correct Answer is C</i></p> <p><i>A is wrong because an appropriation account is used to show how profit is shared which comes after this transaction.</i></p> <p><i>B is wrong because the transaction is not a manufacturing cost.</i></p> <p><i>D is wrong as the transaction would not be included in the trading account.</i></p>	(1)
9	<p><i>The correct Answer is A</i></p> <p><i>B is wrong because a receipts and payments account is the same as a cash book.</i></p> <p><i>C is wrong because a statement of affairs is the same as a balance sheet.</i></p> <p><i>D is wrong as a subscriptions account is the same as a sales account.</i></p>	(1)

Question Number	Answer	Mark
10	<p><i>The correct Answer is C</i></p> <p><i>A is wrong because profitability is measured using profitability ratios not liquidity ratios.</i></p> <p><i>B is wrong because profitability ratios are used to assess the level of trading not liquidity ratios.</i></p> <p><i>D is wrong as the measurement relates to profitability not liquidity.</i></p>	(1)

Section B

Question Number	Answer	Mark																																										
11(ai)	<p>Award marks for correct date, details and amounts in combination.</p> <p style="text-align: center;">C Son Account</p> <table border="1" style="width: 100%; border-collapse: collapse; margin: 10px 0;"> <thead> <tr> <th style="width: 15%;">Date</th> <th style="width: 20%;">Details</th> <th style="width: 15%;">£</th> <th style="width: 15%;">Date</th> <th style="width: 20%;">Details</th> <th style="width: 15%;">£</th> </tr> </thead> <tbody> <tr> <td>Apr 1</td> <td>Balance b/d</td> <td style="text-align: right;">1800 (1)</td> <td>Apr 3</td> <td>Returns inwards (Book)</td> <td style="text-align: right;">99 (1)</td> </tr> <tr> <td>Apr 13</td> <td>Sales (Book)</td> <td style="text-align: right;">572 (1)</td> <td>Apr 21</td> <td>(PL) Set Off/ Contra</td> <td style="text-align: right;">450 (1)</td> </tr> <tr> <td></td> <td></td> <td></td> <td>Apr 30</td> <td>Cash (Book) (Bank)</td> <td style="text-align: right;">1280 (1)</td> </tr> <tr> <td></td> <td></td> <td></td> <td>Apr 30</td> <td>Balance c/d</td> <td style="text-align: right;">543</td> </tr> <tr> <td></td> <td></td> <td style="text-align: right;"><u>2372</u></td> <td></td> <td></td> <td style="text-align: right;"><u>2372</u></td> </tr> <tr> <td>May 1</td> <td>Balance b/d</td> <td style="text-align: right;">543 (1of)</td> <td></td> <td></td> <td></td> </tr> </tbody> </table>	Date	Details	£	Date	Details	£	Apr 1	Balance b/d	1800 (1)	Apr 3	Returns inwards (Book)	99 (1)	Apr 13	Sales (Book)	572 (1)	Apr 21	(PL) Set Off/ Contra	450 (1)				Apr 30	Cash (Book) (Bank)	1280 (1)				Apr 30	Balance c/d	543			<u>2372</u>			<u>2372</u>	May 1	Balance b/d	543 (1of)				(6)
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11 (b)	<p>Award up to (4) marks for a discussion on the benefits to the business of maintaining a sales ledger control account and a final (1) mark for a conclusion related to the scenario.</p> <p>Sample reasons The maintenance of a sales ledger control account can bring many benefits to Justin as :</p> <ul style="list-style-type: none"> • He will find it easier to identify errors (1) in the sales ledger (1). • He will also find it easier to prepare his financial statements (1) as the total of debtors will be easily available (1). • Fraud should be easier to identify (1) as the control account is usually maintained by a different person (1) <p>Conclusion (1) Therefore the preparation of a sales ledger control account will bring many benefits to Justin's business.</p>	(5)

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12(a)	<p>Award 1 mark each for:</p> <ul style="list-style-type: none"> • total assets • total liabilities • capital <p>Assets:</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Shop fittings</td> <td style="text-align: right;">20 010</td> </tr> <tr> <td>Debtors</td> <td style="text-align: right;">2 000</td> </tr> <tr> <td>Stock</td> <td style="text-align: right;">2 500</td> </tr> <tr> <td>Petty cash</td> <td style="text-align: right;">490</td> </tr> <tr> <td></td> <td style="text-align: right;"><u>25 000</u> (1)</td> </tr> </table> <p>Liabilities:</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Bank loan (2020)</td> <td style="text-align: right;">5 000</td> </tr> <tr> <td>Bank overdraft</td> <td style="text-align: right;">6 500</td> </tr> <tr> <td>Creditors</td> <td style="text-align: right;">3 200</td> </tr> <tr> <td>Electricity</td> <td style="text-align: right;">300</td> </tr> <tr> <td></td> <td style="text-align: right;"><u>15 000</u> (1)</td> </tr> </table> <p>Capital:</p> <p>25000 – 15 000 = <u>10 000</u> (1of)</p>	Shop fittings	20 010	Debtors	2 000	Stock	2 500	Petty cash	490		<u>25 000</u> (1)	Bank loan (2020)	5 000	Bank overdraft	6 500	Creditors	3 200	Electricity	300		<u>15 000</u> (1)	(3)
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12(d)	<p>Award marks as shown; marks to be awarded for correct figure and treatment with labels.</p> <p>Award revenue and purchases o/f marks only if they match with (b) and (c)</p> <p style="text-align: center;">Sevket Christakos Income statement Year ended 28 February 2018</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th></th> <th style="text-align: center;">£</th> <th style="text-align: center;">£</th> <th></th> </tr> </thead> <tbody> <tr> <td>Revenue</td> <td></td> <td style="text-align: right;">120 200</td> <td style="text-align: right;">(1 of)</td> </tr> <tr> <td>Opening stock</td> <td style="text-align: right;">2 500</td> <td></td> <td></td> </tr> <tr> <td>Purchases</td> <td style="text-align: right;">44 360</td> <td></td> <td style="text-align: right;">(1 of)</td> </tr> <tr> <td></td> <td style="text-align: right;">46 860</td> <td></td> <td></td> </tr> <tr> <td>Closing stock</td> <td style="text-align: right;"><u>1 860</u></td> <td></td> <td style="text-align: right;">(1)</td> </tr> <tr> <td>Cost of sales</td> <td></td> <td style="text-align: right;"><u>45 000</u></td> <td style="text-align: right;">(1 of)</td> </tr> <tr> <td>Gross profit</td> <td></td> <td style="text-align: right;">75 200</td> <td style="text-align: right;">(1 of)</td> </tr> <tr> <td>Discount received</td> <td></td> <td style="text-align: right;">2 300</td> <td style="text-align: right;">(1)</td> </tr> <tr> <td></td> <td></td> <td style="text-align: right;">77 500</td> <td></td> </tr> <tr> <td>Expenses</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Wages</td> <td style="text-align: right;">15 000</td> <td></td> <td></td> </tr> <tr> <td>Rent and rates</td> <td style="text-align: right;">4 000</td> <td></td> <td></td> </tr> <tr> <td>Loan interest</td> <td style="text-align: right;">400</td> <td></td> <td style="text-align: right;">(1)</td> </tr> <tr> <td>Electricity*</td> <td style="text-align: right;">1 750</td> <td></td> <td style="text-align: right;">(3)</td> </tr> <tr> <td></td> <td></td> <td style="text-align: right;">21 150</td> <td></td> </tr> <tr> <td>Profit for the year</td> <td></td> <td style="text-align: right;">56 350</td> <td style="text-align: right;">(1 of)</td> </tr> </tbody> </table> <p>*Electricity 1 650 (1) – 300 (1) + 400 (1) = 1 750</p>		£	£		Revenue		120 200	(1 of)	Opening stock	2 500			Purchases	44 360		(1 of)		46 860			Closing stock	<u>1 860</u>		(1)	Cost of sales		<u>45 000</u>	(1 of)	Gross profit		75 200	(1 of)	Discount received		2 300	(1)			77 500		Expenses				Wages	15 000			Rent and rates	4 000			Loan interest	400		(1)	Electricity*	1 750		(3)			21 150		Profit for the year		56 350	(1 of)	(11)
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Return on capital employed	Net profit/Capital employed x 100 (1)	80% (1)	75% (1)															
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13 (b)	<p>Award</p> <ul data-bbox="483 1070 1249 1417" style="list-style-type: none"> • 1 mark for a general statement regarding the change in profitability over the two years; • 3 marks for a discussion on the meaning of each individual ratio; • 1 mark for a conclusion related to the managing director's comment <p>Sample answer</p> <p data-bbox="435 1496 1233 1603">The profitability of the business has declined over the two years (1) which is evidenced by the reduction in the net profit ratio and return on capital employed.</p> <p data-bbox="435 1641 1257 1888">The gross profit margin is unchanged over the two years indicating no change in either the selling price or cost price (1); the net profit margin indicates that the business is not controlling their expenses adequately; (1) and the return on capital employed indicates that the business is not using the increase in capital employed effectively in generating profit. (1)</p> <p data-bbox="435 1921 1265 2022">The managing director is incorrect in assuming that the business has had a successful year as overall profitability has declined. (1)</p>	(5)																

Question Number	Answer	Mark
13 (c)	Award mark for correct response only e.g. Current / current ratio Working capital / working capital ratio Acid test / acid test ratio Quick / quick ratio Accept any appropriate spelling Accept upper or lowercase	(1)

Question Number	Answer	Mark																																				
14(a) (i)	<p>Award marks for figures on the correct side as shown.</p> <p>Award 1 mark for all correct dates and narratives</p> <p style="text-align: center;">Capital Account</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th>Date</th> <th>Details</th> <th>£</th> <th>Date</th> <th>Details</th> <th>£</th> </tr> </thead> <tbody> <tr> <td>2017 Dec 31</td> <td>Drawings</td> <td>1 850 W1 (2)</td> <td>2017 Jan 1</td> <td>Bank</td> <td>5 000 (1)</td> </tr> <tr> <td></td> <td>Balance c/d</td> <td>34 150</td> <td></td> <td>Motor vehicle</td> <td>6 000 (1)</td> </tr> <tr> <td></td> <td></td> <td></td> <td>Dec 31</td> <td>Income statement</td> <td>25 000 (1)</td> </tr> <tr> <td></td> <td></td> <td><u>36 000</u></td> <td></td> <td></td> <td><u>36 000</u></td> </tr> <tr> <td></td> <td></td> <td></td> <td>2018 Jan 1</td> <td>Balance b/d</td> <td>34 150 (1of)</td> </tr> </tbody> </table> <p style="text-align: right;">(7)</p> <p>W1 400 (1) + 1450 (1) = 1850</p>	Date	Details	£	Date	Details	£	2017 Dec 31	Drawings	1 850 W1 (2)	2017 Jan 1	Bank	5 000 (1)		Balance c/d	34 150		Motor vehicle	6 000 (1)				Dec 31	Income statement	25 000 (1)			<u>36 000</u>			<u>36 000</u>				2018 Jan 1	Balance b/d	34 150 (1of)	
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14 (a) (ii)	<p>Award marks for figures on the correct side as shown.</p> <p>Award 1 mark for all correct dates and narratives</p> <p style="text-align: center;">Drawings Account</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th>Date</th> <th>Details</th> <th>£</th> <th>Date</th> <th>Details</th> <th>£</th> </tr> </thead> <tbody> <tr> <td>2017 May 1</td> <td>Purchases</td> <td>400 W1(2)</td> <td>2017 Dec 31</td> <td>Capital</td> <td>1 850 (1of)</td> </tr> <tr> <td>Oct 1</td> <td>Cash (Bank)</td> <td>1 450 (1)</td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td></td> <td><u>1 850</u></td> <td></td> <td></td> <td><u>1 850</u></td> </tr> </tbody> </table> <p style="text-align: right;">(5)</p> <p>W1 500 (1) x 80%(1) = 400</p>	Date	Details	£	Date	Details	£	2017 May 1	Purchases	400 W1(2)	2017 Dec 31	Capital	1 850 (1of)	Oct 1	Cash (Bank)	1 450 (1)						<u>1 850</u>			<u>1 850</u>													
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14 (b)	<p>Award 1 mark for each correct concept</p> <table border="1"> <tr> <td>Concept</td> </tr> <tr> <td>Materiality (1)</td> </tr> <tr> <td>Consistency (1)</td> </tr> <tr> <td>Business entity/ entity (1)</td> </tr> </table> <p>Accept any appropriate spelling</p>	Concept	Materiality (1)	Consistency (1)	Business entity/ entity (1)	(3)
Concept						
Materiality (1)						
Consistency (1)						
Business entity/ entity (1)						

Question Number	Answer	Mark
15 (a)	<p>Award up to 2 marks for advantages and up to 2 marks for disadvantages.</p> <p>Advantages</p> <ul style="list-style-type: none"> • additional capital • share the risk • share the workload • new ideas • additional skills <p>Disadvantages</p> <ul style="list-style-type: none"> • receiving less profit • delaying business decisions • possible conflicts • responsible for all debts <p>Accept other appropriate responses</p>	(4)

Question Number	Answer	Mark
<p>15 (b)</p>	<p>Award 1 mark for identifying the changes to each category with a further 1 mark for each point of development – max 2 marks for each.</p> <p>Sample answer</p> <p>Current accounts (1) will be required which will record drawings , interest on capital etc. (1)</p> <p>The partnership will be required to produce an appropriation account (1) which will show the share of profit/loss for each partner (1)</p> <p>The financed by section of the balance sheet (1) will now include separate balances for each partners capital and current accounts. (1)</p>	<p>(6)</p>

