



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)
Question Number	Answer	Mark
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)
Question Number	Answer	Mark
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)
Question Number	Answer	Mark
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)
Question Number	Answer	Mark
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><tr><th>Date</th><th>Details</th><th>£</th><th>Date</th><th>Details</th><th>£</th></tr><tr><td>Apr 1</td><td>Balance b/d</td><td>1800 (1)</td><td>Apr 3</td><td>Returns inwards (Book)</td><td>99 (1)</td></tr><tr><td>Apr 13</td><td>Sales (Book)</td><td>572 (1)</td><td>Apr 21</td><td>(PL) Set Off/ Contra</td><td>450 (1)</td></tr><tr><td></td><td></td><td></td><td>Apr 30</td><td>Cash (Book) (Bank)</td><td>1280 (1)</td></tr><tr><td></td><td></td><td></td><td>Apr 30</td><td>Balance c/d</td><td>543</td></tr><tr><td></td><td></td><td><u>2372</u></td><td></td><td></td><td><u>2372</u></td></tr><tr><td>May 1</td><td>Balance b/d</td><td>543 (1of)</td><td></td><td></td><td></td></tr></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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Question Number	Answer	Mark																																				
11(aiii)	<p>Award marks for correct date, details and amounts in combination.</p> <p style="text-align: center;">Sales Account</p> <table><tr><th>Date</th><th>Details</th><th>£</th><th>Date</th><th>Details</th><th>£</th></tr><tr><td>Apr 30</td><td>Balance c/d</td><td>25450</td><td>Apr 1</td><td>Balance b/d</td><td>21 000 (1)</td></tr><tr><td></td><td></td><td></td><td>Apr 15</td><td>Cash (Book) (Bank)</td><td>600/660 (2/1)</td></tr><tr><td></td><td></td><td></td><td>Apr 30</td><td>Sales (Book)</td><td>3 850 (1)</td></tr><tr><td></td><td></td><td><u>25450</u></td><td></td><td></td><td><u>25 450</u></td></tr><tr><td></td><td></td><td></td><td>May 1</td><td>Balance b/d</td><td>25 450 (1of)</td></tr></table>	Date	Details	£	Date	Details	£	Apr 30	Balance c/d	25450	Apr 1	Balance b/d	21 000 (1)				Apr 15	Cash (Book) (Bank)	600/660 (2/1)				Apr 30	Sales (Book)	3 850 (1)			<u>25450</u>			<u>25 450</u>				May 1	Balance b/d	25 450 (1of)	(5)
Date	Details	£	Date	Details	£																																	
Apr 30	Balance c/d	25450	Apr 1	Balance b/d	21 000 (1)																																	
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			Apr 30	Sales (Book)	3 850 (1)																																	
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			May 1	Balance b/d	25 450 (1of)																																	

Question Number	Answer	Mark																														
11 (aiv)	<p>Award marks for correct date, details and amounts in combination.</p> <p>(iv) Returns Inwards Account</p> <table><tr><th>Date</th><th>Narration</th><th>£</th><th>Date</th><th>Narration</th><th>£</th></tr><tr><td>Apr 1</td><td>Balance b/d</td><td>1342 (1)</td><td>Apr 30</td><td>Balance c/d</td><td>1692</td></tr><tr><td>Apr 30</td><td>Returns inwards (Book)</td><td>350 (1)</td><td></td><td></td><td></td></tr><tr><td></td><td></td><td><u>1692</u></td><td></td><td></td><td><u>1692</u></td></tr><tr><td>May 1</td><td>Balance b/d</td><td>1692 (1of)</td><td></td><td></td><td></td></tr></table>	Date	Narration	£	Date	Narration	£	Apr 1	Balance b/d	1342 (1)	Apr 30	Balance c/d	1692	Apr 30	Returns inwards (Book)	350 (1)						<u>1692</u>			<u>1692</u>	May 1	Balance b/d	1692 (1of)				(3)
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Question Number	Answer	Mark
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)

Question Number	Answer	Mark																				
12(a)	<p>Award 1 mark each for:</p> <ul style="list-style-type: none">• total assets• total liabilities• capital <p>Assets:</p> <table><tr><td>Shop fittings</td><td>20 010</td></tr><tr><td>Debtors</td><td>2 000</td></tr><tr><td>Stock</td><td>2 500</td></tr><tr><td>Petty cash</td><td>490</td></tr><tr><td></td><td><u>25 000</u> (1)</td></tr></table> <p>Liabilities:</p> <table><tr><td>Bank loan (2020)</td><td>5 000</td></tr><tr><td>Bank overdraft</td><td>6 500</td></tr><tr><td>Creditors</td><td>3 200</td></tr><tr><td>Electricity</td><td>300</td></tr><tr><td></td><td><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(b)	<p>Award marks as shown; marks to be awarded for correct figure and treatment.</p> <table><tr><td></td><td>£</td></tr><tr><td>Opening debtors</td><td>(2 000) (1)</td></tr><tr><td>Receipts from debtors</td><td>45 000 (1)</td></tr><tr><td>Receipts from cash sales</td><td>53 200 (1)</td></tr><tr><td>Cash drawings</td><td>21 000 (1)</td></tr><tr><td>Closing debtors</td><td>3 000 (1)</td></tr><tr><td>Total sales</td><td>120 200 (1of)</td></tr></table>		£	Opening debtors	(2 000) (1)	Receipts from debtors	45 000 (1)	Receipts from cash sales	53 200 (1)	Cash drawings	21 000 (1)	Closing debtors	3 000 (1)	Total sales	120 200 (1of)	(6)
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Question Number	Answer	Mark												
12(c)	<p>Award marks as shown; marks to be awarded for correct figure and treatment.</p> <table><tr><td></td><td>£</td></tr><tr><td>Opening creditors</td><td>(3 200) (1)</td></tr><tr><td>Payments to creditors</td><td>42 700 (1)</td></tr><tr><td>Discount received</td><td>2 300 (1)</td></tr><tr><td>Closing creditors</td><td>2 560 (1)</td></tr><tr><td>Total purchases</td><td>44 360 (1of)</td></tr></table>		£	Opening creditors	(3 200) (1)	Payments to creditors	42 700 (1)	Discount received	2 300 (1)	Closing creditors	2 560 (1)	Total purchases	44 360 (1of)	(5)
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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><tr><td></td><td>£</td><td>£</td><td></td></tr><tr><td>Revenue</td><td></td><td>120 200</td><td>(1 of)</td></tr><tr><td>Opening stock</td><td>2 500</td><td></td><td></td></tr><tr><td>Purchases</td><td><u>44 360</u></td><td></td><td>(1 of)</td></tr><tr><td></td><td>46 860</td><td></td><td></td></tr><tr><td>Closing stock</td><td><u>1 860</u></td><td></td><td>(1)</td></tr><tr><td>Cost of sales</td><td></td><td><u>45 000</u></td><td>(1 of)</td></tr><tr><td>Gross profit</td><td></td><td>75 200</td><td>(1 of)</td></tr><tr><td>Discount received</td><td></td><td>2 300</td><td>(1)</td></tr><tr><td></td><td></td><td>77 500</td><td></td></tr><tr><td>Expenses</td><td></td><td></td><td></td></tr><tr><td>Wages</td><td>15 000</td><td></td><td></td></tr><tr><td>Rent and rates</td><td>4 000</td><td></td><td></td></tr><tr><td>Loan interest</td><td>400</td><td></td><td>(1)</td></tr><tr><td>Electricity*</td><td>1 750</td><td></td><td>(3)</td></tr><tr><td></td><td></td><td>21 150</td><td></td></tr><tr><td>Profit for the year</td><td></td><td>56 350</td><td>(1 of)</td></tr></table> <p>*Electricity 1 650 (1) – 300 (1) + 400 (1) = 1 750</p>		£	£		Revenue		120 200	(1 of)	Opening stock	2 500			Purchases	<u>44 360</u>		(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)	
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13 (a)	<p>Award marks as shown</p> <table><tr><th>Ratio</th><th>Formula</th><th>2017</th><th>2018</th></tr><tr><td>Gross profit margin</td><td>Gross profit/Sales x 100 (1)</td><td>25% (1)</td><td>25% (1)</td></tr><tr><td>Net profit margin</td><td>Net profit/Sales x 100 (1)</td><td>12% (1)</td><td>10% (1)</td></tr><tr><td>Return on capital employed</td><td>Net profit/Capital employed x 100 (1)</td><td>80% (1)</td><td>75% (1)</td></tr></table> <p>Accept turnover in lieu of sales % notation must be shown</p>	Ratio	Formula	2017	2018	Gross profit margin	Gross profit/Sales x 100 (1)	25% (1)	25% (1)	Net profit margin	Net profit/Sales x 100 (1)	12% (1)	10% (1)	Return on capital employed	Net profit/Capital employed x 100 (1)	80% (1)	75% (1)	(9)
Ratio	Formula	2017	2018															
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Return on capital employed	Net profit/Capital employed x 100 (1)	80% (1)	75% (1)															
Question Number	Answer	Mark																
13 (b)	<p>Award</p> <ul 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 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>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>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)	<p>Award mark for correct response only</p> <p>e.g. Current / current ratio Working capital / working capital ratio Acid test / acid test ratio Quick / quick ratio</p> <p>Accept any appropriate spelling Accept upper or lowercase</p>	(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><tr><th>Date</th><th>Details</th><th>£</th><th>Date</th><th>Details</th><th>£</th></tr><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></table> <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)	(7)
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		<u>1 850</u>			<u>1 850</u>																																	

Question Number	Answer	Mark				
14 (b)	<p>Award 1 mark for each correct concept</p> <table><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
15 (b)	<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>	(6)

