



Pearson

Mark Scheme (Results)

January 2018

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

Section B

Question Number	Answer	Mark												
11(a)	<p>Award 1 mark for each correct response.</p> <table border="1" style="width: 100%; border-collapse: collapse; margin-top: 10px;"> <thead> <tr> <th style="width: 50%;">Transaction</th> <th style="width: 50%;">Book of original entry</th> </tr> </thead> <tbody> <tr> <td>Sold goods on credit</td> <td>Sales book (1)</td> </tr> <tr> <td>Sold goods for cash</td> <td>Cash book (1)</td> </tr> <tr> <td>Purchased a fixed asset on credit</td> <td>Journal (1)</td> </tr> <tr> <td>Returned goods to a credit supplier</td> <td>Purchase returns book (1)</td> </tr> <tr> <td>Paid a credit supplier by bank transfer</td> <td>Cash book (1)</td> </tr> </tbody> </table>	Transaction	Book of original entry	Sold goods on credit	Sales book (1)	Sold goods for cash	Cash book (1)	Purchased a fixed asset on credit	Journal (1)	Returned goods to a credit supplier	Purchase returns book (1)	Paid a credit supplier by bank transfer	Cash book (1)	(5)
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Question Number	Answer	Mark																																										
11(b)	<p>Award marks for correct amounts as indicated. Award 1 mark for ALL correct dates and narratives</p> <p style="text-align: center;">Purchases Ledger Control Account</p> <table border="1" style="width: 100%; border-collapse: collapse; margin-top: 10px;"> <thead> <tr> <th style="width: 10%;">Date</th> <th style="width: 20%;">Details</th> <th style="width: 10%;">£</th> <th style="width: 10%;">Date</th> <th style="width: 20%;">Details</th> <th style="width: 10%;">£</th> </tr> </thead> <tbody> <tr> <td>Sept 30</td> <td>Cash book</td> <td style="text-align: right;">15 422 (1)</td> <td>Sept 1</td> <td>Balance b/f</td> <td style="text-align: right;">8 000 (1)</td> </tr> <tr> <td></td> <td>Purchases returns book</td> <td style="text-align: right;">1 731 (1)</td> <td>Sept 30</td> <td>Purchases book</td> <td style="text-align: right;">21 786 (1)</td> </tr> <tr> <td></td> <td>Sales ledger set off</td> <td style="text-align: right;">650 (1)</td> <td></td> <td>Journal (interest charged)</td> <td style="text-align: right;">184 (1)</td> </tr> <tr> <td></td> <td>Balance c/d</td> <td style="text-align: right;">12167</td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td></td> <td style="text-align: right;"><u>29 970</u></td> <td></td> <td></td> <td style="text-align: right;"><u>29 970</u></td> </tr> <tr> <td></td> <td></td> <td></td> <td>Oct 1</td> <td>Balance b/d</td> <td style="text-align: right;">12167 (1 of)</td> </tr> </tbody> </table>	Date	Details	£	Date	Details	£	Sept 30	Cash book	15 422 (1)	Sept 1	Balance b/f	8 000 (1)		Purchases returns book	1 731 (1)	Sept 30	Purchases book	21 786 (1)		Sales ledger set off	650 (1)		Journal (interest charged)	184 (1)		Balance c/d	12167						<u>29 970</u>			<u>29 970</u>				Oct 1	Balance b/d	12167 (1 of)	(8)
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Question Number	Answer	Mark
11(c)	<p>Award 1 mark for identification of type of error and 1 mark for developing the reason.</p> <p>Eg</p> <p>Commission Where the correct amount has been entered but in the wrong account of the correct classification.</p> <p>Omission Where a transaction has been completely omitted from the books.</p> <p>Original Entry Where the original figure is incorrect but the double entry is correct.</p>	(2)

(Total for Question 11 = 15 marks)

Question Number	Answer																																																																																																																																																																			
12 (a)	<p>Award marks as shown</p> <p style="text-align: center;">Petty Cash Book</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th>Receipts</th> <th>Date Nov</th> <th>Details</th> <th>Voucher No</th> <th>Total</th> <th>Postage and Stationery</th> <th>Travel</th> <th>Cleaning</th> <th>Ledger Accounts</th> </tr> <tr> <th>£</th> <th></th> <th></th> <th></th> <th>£</th> <th>£</th> <th>£</th> <th>£</th> <th>£</th> </tr> </thead> <tbody> <tr> <td>186 (1)</td> <td>1</td> <td>Balance b/f</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>64 (1)</td> <td>1</td> <td>Cash book</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td>1</td> <td>Manager's travel claim</td> <td>101</td> <td>28 (1)</td> <td></td> <td>28</td> <td></td> <td></td> </tr> <tr> <td></td> <td>6</td> <td>Stamps</td> <td>102</td> <td>8 (1)</td> <td>8</td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td>10</td> <td>Window cleaner</td> <td>103</td> <td>19 (1)</td> <td></td> <td></td> <td>19</td> <td></td> </tr> <tr> <td></td> <td>14</td> <td>Taxi fare</td> <td>104</td> <td>21 (1)</td> <td></td> <td>21</td> <td></td> <td></td> </tr> <tr> <td></td> <td>22</td> <td>Photocopy paper</td> <td>105</td> <td>12 (1)</td> <td>12</td> <td></td> <td></td> <td></td> </tr> <tr> <td>4 (1)</td> <td>26</td> <td>Stamps</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td>29</td> <td>Office cleaner</td> <td>106</td> <td>25 (1)</td> <td></td> <td></td> <td>25</td> <td></td> </tr> <tr> <td></td> <td>30</td> <td>Peters</td> <td>107</td> <td>35 (1)</td> <td></td> <td></td> <td></td> <td>35</td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td>148</td> <td><u>20</u></td> <td><u>49</u></td> <td><u>44</u></td> <td><u>35</u></td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td>(1of) for row</td> </tr> <tr> <td></td> <td>30</td> <td>Balance c/d</td> <td></td> <td>106</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td><u>254</u></td> <td></td> <td></td> <td></td> <td><u>254</u></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td>(1of)</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>106 (1of)</td> <td>Dec 1</td> <td>Balance b/d</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table> <p>+1 for dates +1 for details</p>	Receipts	Date Nov	Details	Voucher No	Total	Postage and Stationery	Travel	Cleaning	Ledger Accounts	£				£	£	£	£	£	186 (1)	1	Balance b/f							64 (1)	1	Cash book								1	Manager's travel claim	101	28 (1)		28				6	Stamps	102	8 (1)	8					10	Window cleaner	103	19 (1)			19			14	Taxi fare	104	21 (1)		21				22	Photocopy paper	105	12 (1)	12				4 (1)	26	Stamps								29	Office cleaner	106	25 (1)			25			30	Peters	107	35 (1)				35					148	<u>20</u>	<u>49</u>	<u>44</u>	<u>35</u>									(1of) for row		30	Balance c/d		106					<u>254</u>				<u>254</u>									(1of)					106 (1of)	Dec 1	Balance b/d							(15)
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12 (b)	<p>Award marks for correct date, details and amounts in combination.</p> <p style="text-align: center;">Postage and Stationery 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>Nov 1</td> <td>Balance b/d</td> <td>57 (1)</td> <td>Nov 30</td> <td>Petty cash book</td> <td>4 (1)</td> </tr> <tr> <td>Nov 30</td> <td>Petty cash book</td> <td>20 (1 of)</td> <td>Nov 30</td> <td>Balance c/d</td> <td>73</td> </tr> </tbody> </table>	Date	Details	£	Date	Details	£	Nov 1	Balance b/d	57 (1)	Nov 30	Petty cash book	4 (1)	Nov 30	Petty cash book	20 (1 of)	Nov 30	Balance c/d	73	(4)
Date	Details	£	Date	Details	£															
Nov 1	Balance b/d	57 (1)	Nov 30	Petty cash book	4 (1)															
Nov 30	Petty cash book	20 (1 of)	Nov 30	Balance c/d	73															

			<u>77</u>			<u>77</u>	
	Dec 1	Balance b/d	73 (1 of)				

Question Number	Answer	Mark
12 (c)	Award mark for correct response only Current assets (1)	(1)
Question Number	Answer	Mark
12 (d)	<p>Award (1) mark for a general statement regarding the change in liquidity over the two years; a further (2) marks for the meaning of each individual ratio; (1) mark for the implication for their creditors and a final (1) mark for a conclusion.</p> <p>Sample answer</p> <p>The liquidity of the business has worsened over the two years (1) which is evidenced by the reduction in both ratios.</p> <p>The current ratio indicates that they are just able to cover their short term debts (1) whereas their quick ratio indicates that they are below the ideal ratio of 1:1. (1)</p> <p>The implication of this for a creditor is that the business may experience some difficulty in meeting its short term debts (1).</p> <p>The business needs to consider whether it needs to take steps to invest more cash into the business in order to meet its short term obligations (1)</p>	(5)

(Total for Question 12 = 25 marks)

	Balance as per cash book	<u>3620.73</u> (1of)	
Question Number	Answer		Mark
13 (c)	<p>Award up to 2 marks for evaluative statements in favour of the introduction and up to 2 marks for statements against the introduction.</p> <p>Award 1 mark for a suitable conclusion.</p> <p>Sample answer</p> <p>By introducing accounting software to help him run his business Finn Bar will find that he will save time (1) as the software will process the double entry without the need to make two entries (1). However there will be a cost (1) involved in this decision which may include the cost of training staff to use the software together with the cost of purchasing the software itself (1)</p> <p>Time saved may eventually cover the costs of purchasing the software and training staff. (1)</p>		(5)

(Total for Question 13 = 15 marks)

Question Number	Answer	Mark																																																									
14 (a)	<p data-bbox="363 304 683 338">Award marks as shown</p> <p data-bbox="491 409 1082 506" style="text-align: center;"> Tornby Manufacturing account for the year ended 31 October 2017. </p> <table border="1" data-bbox="368 542 1187 1384"> <thead> <tr> <th></th> <th style="text-align: right;">£</th> <th style="text-align: right;">£</th> </tr> </thead> <tbody> <tr> <td>Opening stock raw materials</td> <td style="text-align: right;">45 000</td> <td></td> </tr> <tr> <td>Purchases</td> <td style="text-align: right;"><u>245 000</u></td> <td></td> </tr> <tr> <td></td> <td style="text-align: right;">290 000</td> <td></td> </tr> <tr> <td>Closing stock raw materials</td> <td style="text-align: right;"><u>50 600</u></td> <td></td> </tr> <tr> <td>Cost of raw materials consumed</td> <td></td> <td style="text-align: right;">239 400 (1) w + f</td> </tr> <tr> <td>Direct factory wages</td> <td></td> <td style="text-align: right;"><u>80 000</u> (1)</td> </tr> <tr> <td>Prime cost</td> <td></td> <td style="text-align: right;">319 400 (1of) w + f</td> </tr> <tr> <td>Overheads</td> <td></td> <td></td> </tr> <tr> <td>Heat and light</td> <td style="text-align: right;">19 500 (1)</td> <td></td> </tr> <tr> <td>Insurance</td> <td style="text-align: right;">1 125 (1)</td> <td></td> </tr> <tr> <td>Rent and rates</td> <td style="text-align: right;">6 000 (1)</td> <td></td> </tr> <tr> <td>Indirect factory wages</td> <td style="text-align: right;">28 930 (1)</td> <td></td> </tr> <tr> <td>Depreciation - machinery</td> <td style="text-align: right;">37 500 (1)</td> <td></td> </tr> <tr> <td></td> <td></td> <td style="text-align: right;"><u>93 055</u></td> </tr> <tr> <td></td> <td></td> <td style="text-align: right;">412 455</td> </tr> <tr> <td>Opening stock work in progress</td> <td style="text-align: right;">13 650</td> <td></td> </tr> <tr> <td>Closing stock work in progress</td> <td style="text-align: right;">(16 105)</td> <td style="text-align: right;"><u>(2 455) (1)</u></td> </tr> <tr> <td>Production cost</td> <td></td> <td style="text-align: right;">410 000 (1of) w + f</td> </tr> </tbody> </table>		£	£	Opening stock raw materials	45 000		Purchases	<u>245 000</u>			290 000		Closing stock raw materials	<u>50 600</u>		Cost of raw materials consumed		239 400 (1) w + f	Direct factory wages		<u>80 000</u> (1)	Prime cost		319 400 (1of) w + f	Overheads			Heat and light	19 500 (1)		Insurance	1 125 (1)		Rent and rates	6 000 (1)		Indirect factory wages	28 930 (1)		Depreciation - machinery	37 500 (1)				<u>93 055</u>			412 455	Opening stock work in progress	13 650		Closing stock work in progress	(16 105)	<u>(2 455) (1)</u>	Production cost		410 000 (1of) w + f	(10)
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Heat and light	6 500 (1)																																																																			
Insurance	375 (1)																																																																			
Rent and rates	2 000 (1)																																																																			
Depreciation office equipment	15 000 (1)																																																																			
		23 875																																																																		
Net profit		101 125																																																																		
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Question Number	Answer	Mark																				
14 (c)	<p>Award marks as shown</p> <p style="text-align: center;">Tornby Extract of the balance sheet at 31 October 2017.</p> <table border="1" data-bbox="368 488 1204 801"> <thead> <tr> <th></th> <th>£</th> <th>£</th> <th>£</th> </tr> <tr> <th>Fixed assets</th> <th>Cost</th> <th>Depr</th> <th>Net book value</th> </tr> </thead> <tbody> <tr> <td>Factory machinery</td> <td>350 000</td> <td>237 500 (1 of)</td> <td>112 500 (1 of)</td> </tr> <tr> <td>Office equipment</td> <td><u>75 000</u></td> <td><u>40 000 (1 of)</u></td> <td><u>35 000 (1 of)</u></td> </tr> <tr> <td></td> <td><u>425 000</u></td> <td><u>277 500</u></td> <td>147 500 (1 of)</td> </tr> </tbody> </table>		£	£	£	Fixed assets	Cost	Depr	Net book value	Factory machinery	350 000	237 500 (1 of)	112 500 (1 of)	Office equipment	<u>75 000</u>	<u>40 000 (1 of)</u>	<u>35 000 (1 of)</u>		<u>425 000</u>	<u>277 500</u>	147 500 (1 of)	(5)
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(Total for Question 14 = 25 marks)

Question Number	Answer	Mark																												
15 (a)	<p>Award up to 2 marks for a clear explanation of the difference between the two terms</p> <p>Eg A bad debt is written off when there is a reasonable certainty that a specific debtor is not going to pay (1) whereas a provision for doubtful debts is made when there is some doubt that the total value of debtors will be collected. (1)</p>	(2)																												
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15 (b)	<p>Award marks for correct labels, amounts and narratives as shown</p> <table border="1"> <thead> <tr> <th>Date</th> <th>Account</th> <th>Debit</th> <th>Credit</th> </tr> </thead> <tbody> <tr> <td>Nov 30</td> <td>Bad debts</td> <td>300 (1)</td> <td></td> </tr> <tr> <td></td> <td>Sales ledger control account</td> <td></td> <td>300 (1)</td> </tr> <tr> <td></td> <td>Being the writing off of a bad debt. (1)</td> <td></td> <td></td> </tr> <tr> <td></td> <td>Profit and loss</td> <td>134 (1)</td> <td></td> </tr> <tr> <td></td> <td>Provision for doubtful debts</td> <td></td> <td>134 (1)</td> </tr> <tr> <td></td> <td>Being the creation of a provision for doubtful debts (1)</td> <td></td> <td></td> </tr> </tbody> </table>	Date	Account	Debit	Credit	Nov 30	Bad debts	300 (1)			Sales ledger control account		300 (1)		Being the writing off of a bad debt. (1)				Profit and loss	134 (1)			Provision for doubtful debts		134 (1)		Being the creation of a provision for doubtful debts (1)			(6)
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15 (c)	<p>Award 1 mark for each correct response max 2</p> <p>Eg Offer cash discount (1) Improve credit control (1) Charge interest on overdue payments (1) Send invoices and/or statements of account regularly (1)</p>	(2)																												

(Total for Question 15 = 10 marks)