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Mark Scheme (Results)

January 2012

International GCSE 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

Question Number	Answer	Mark
1	B	**(1)**

Question Number	Answer	Mark
2	C	**(1)**

Question Number	Answer	Mark
3	A	**(1)**

Question Number	Answer	Mark
4	C	**(1)**

Question Number	Answer	Mark
5	A	**(1)**

Question Number	Answer	Mark
6	B	**(1)**

Question Number	Answer	Mark
7	A	**(1)**

Question Number	Answer	Mark
8	C	**(1)**

Question Number	Answer	Mark
9	C	**(1)**

Question Number	Answer	Mark
10	B	**(1)**

Section B

Question Number	Answer	Mark
11(a)	Purchase invoice Petty cash voucher Credit note Paying in book/slip/counterfoil Bank statement Sales invoice	**(6)**

Question Number	Answer	Mark
11(b)	**VAT Account**	**(10)**

Date	**Narration**		**£**	**Date**	**Narration**		**£**
Dec 31	Cash Book	(1)	3400	Dec 1	Balance b/f	(1)	3400
Dec 31	Purchases Book	(1)	867	Dec 31	Cash Book	(2)	850
Dec 31	Petty Cash Book	(1)	34	Dec 31	Sales Book	(1)	965
Dec 31	Returns In Book	(1)	89	Dec 31	Returns Out Book	(1)	54
Dec 31	Balance c/d		879				
			5269				5269
				Jan 1	Balance b/d	(1)	879

(Award mark for correct figure and appropriate narrative)

Question Number	Answer	Mark
11(c)	The closing balance will appear in the current liabilities section (1) as it represents money owing to Revenue and Customs (1) (accept government)	**(2)**

Question Number	Answer	Mark
11(d)	<u>Error of omission</u> (1) where a transaction is completely omitted from the records (1). <u>Compensating error</u> (1) where equal and opposite errors cancel each other out (1). <u>Error of commission</u> (1) where an amount is posted to an incorrect account of the correct type (1). <u>Error of original entry</u> (1) where an error is made transferring an amount from the source document into the books of original entry (1). <u>Error of principle</u> (1) where the correct entry is made but in the wrong type of account (1)	**(2)**

Question Number	Answer	Mark
11(e)	Award up to 2 marks for points in favour and 2 marks for points against the effectiveness of control accounts. A further one mark for an appropriate conclusion. **Sample answer** The uses of control accounts can enable businesses to improve the management of their business as it can verify the arithmetical accuracy of the ledgers (1) and also provide management with a total figure for debtors and creditors (1) which can help in the preparation of the balance sheet (1) they can also assist in the prevention of fraud as they are normally prepared independently of the sales and purchase ledger (1). However the preparation of control accounts can be time consuming (1) and there may be some errors in the accounts which remain undetected by the preparation of the control accounts (1). Overall although there are many advantages to a business of using a control account these may be outweighed by some of the disadvantages (1).	**(5)**

Question Number	Answer	Mark
12(a)	**Hinge and Bracket** **Trading, profit and loss, and appropriation accounts** **For year ended 31 December 2011**	**(12)**

		£	£
Sales	(1cf)		320 000
Cost of sales			
Opening stock		13 900	
Purchases		196 000	
		209 900	
Closing stock		16 200	
Cost of sales	(1cf)		193 700
Gross profit	(1of)		**126 300**
Running expenses			
Motor expenses		13 850	
Rent, rates and Insurance		16 800	
Wages and salaries (26 500 + 3 500)	(1cf)	30 000	
Provision for doubtful debts	(1cf)	870	
Depreciation – motor vehicles	(1cf)	6 000	
			67 520
Net profit	(1of)		**58 780**
Appropriations			
Salary: Hinge	(1cf)	10 000	
Interest on capital: Hinge	(1cf)	10 000	
Bracket	(1cf)	3 500	
			23 500
			35 280
Share of profits: Hinge	(1of)	23 520	
Bracket	(1of)	11 760	
			35280

Question Number	Answer	Mark
12(b)	**Current Account - Hinge**	**(8)**

Date	**Narration**		**£**	**Date**	**Narration**		**£**
Dec 31	Drawings	(1cf)	14 000	Dec 31	Balance b/f	(1cf)	13750
Dec 31	Balance c/d		43 270	Dec 31	Salary	(1cf)	10 000
				Dec 31	Interest on capital	(1of)	10 000
				Dec 31	Share of profits	(1of)	23 520
			57270				57270
				Jan 1	Balance b/d	(1of)	43270

Current Account - Bracket

Date	**Narration**		**£**	**Date**	**Narration**	**£**
Dec 31	Balance b/f	(1cf)	1 500	Dec 31	Interest on capital	3 500
Dec 31	Drawings		17 500	Dec 31	Share of profits	11760
				Dec 31	Balance c/d	3 740
			19 000			19000
Jan 1	Balance b/d	(1of)	3740			

Award 1 mark for salary, and 1 mark each for interest on capital, share of profits and drawings only if both items shown on correct partner's account.

Question Number	Answer	Mark
12(c)	Award up to 2 marks for advantages of this proposal, a further 2 marks for any disadvantages and a one mark for a conclusion or advice etc. **Sample Answer** If the partners decide to change their business structure to a limited liability company they will find that there are several advantages and disadvantages to this. Firstly both partners will become shareholders of the business and as such will have limited liability which means that the extent of their liability for business debts will be limited to the amount of money they have invested in the business (1). The partners may also become employees of this new business as directors and as such will receive a directors salary as opposed to just one of them receiving a salary as at present (1). They may be able to attract more investment from outside agencies such as banks who are more likely to lend money where the ownership of the business is wider (1). However they may find that they have less control over the day to day operations of the business as they may have other shareholders who have a say in the running of the business (1). There will also be a change to the way in which the accounts are prepared and to the type of taxation paid on the business profits (1). They will also have to ensure that they abide by all the legislation which relates to the management and administration of companies (1). Although there are many advantages to the partnership of this proposal, Hinge and Bracket will be well advised to seek professional advice before embarking on this change as they need to be aware of the disadvantages too (1).	**(5)**

Question Number	Answer	Mark
13(a)	**Rent Received Account**	**(4)**

Date	Narration		£	Date	Narration		£
Nov 30	Profit and Loss (1)	(1of)	24000	Nov 20	Balance b/f		22 000
Nov 30	Balance c/d		2 000	Nov 30	Cash Book	(1cf)	4 000
			26 000				26 000
				Dec 1	Balance b/d	(1of)	2 000

Question Number	Answer	Mark
13(b)	Award 1 mark for identifying **'Accruals/Matching** as the concept and a further 2 marks for stating that the rent in advance will be shown as income in next year's profit and loss account (1) and will be shown as a current liability on this year's balance sheet (1).	**(3)**

Question Number	Answer	Mark
13(c)	**Sunil Khan Account**	**(5)**

Date	**Narration**	**£**	**Date**	**Narration**		**£**
Nov 20	Balance b/f	3 500	Nov30	Bad Debts (1)	(1)	3 500

Bad Debts Account

Date	**Narration**		**£**	**Date**	**Narration**		**£**
Nov 30	Sunil Khan	(1)	3 500	Nov 30	Profit and Loss(1)	(1)	3 500

Question Number	Answer	Mark
13(d)	Award 1 mark for identifying **'Prudence' as the c**oncept and a further 2 marks for stating that as the amount was irrecoverable the correct approach is to write it off in this years profit and loss account (1) and to reduce debtors in order not to overstate the value of the assets (1).	**(3)**

Question Number	Answer	Mark
14(a)	Award one mark for each correct answer up to three marks. Items could include bank charges, dishonoured cheques, standing order.	**(3)**

Question Number	Answer	Mark
14(b)	**Cash Book (Bank Columns)**	**(4)**

Date	**Narration**	**Bank (£)**	**Date**	**Narration**	**Bank (£)**
Aug 31	Balance b/f	1 003 (1)	Aug 10	DD Council	125 (1)
Aug 21	CT – customer	200 (1)	Aug 31	Balance c/d	1 078
		1 203			**1 203**
Sep 1	Balance b/d	1 078 (1 of)			

Question Number	Answer	Mark
14(c)	**Mr Wong** **Bank Reconciliation Statement** **As at 31 August 2011**	**(4)**

	£	
Balance as per cash book	1078	(1)
Outstanding lodgements	(1926)	(1)
	(848)	
Unpresented cheque	198	(1)
Balance as per bank statement	(650)	(1)
(**Award mark for figure and correct label only)**		

Question Number	Answer	Mark
14 (d)	Award up to two marks for each advantage. **Sample answers:** (i) Enables errors in the cash book to be identified (1) and corrected(1) (ii) Enables errors in the bank statement to be identified (1) and notified to the bank for correction(1) (iii) Acts as a deterrent to fraud (1) as the bank statement is prepared by the bank (1) (iv) Enables missing entries in the cash book to be identified (1) and accounted for(1)	**(4)**

Question Number	Answer	Mark
15	Award two marks for each correct response only	**(10)**

	Increase	Decrease	No effect
1		*£680*	
2	£250 (2)		
3		£500 (2)	
4			No effect (2)
5	£1700 (2)		
6			No effect (2)

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