



Mark Scheme (Results)

January 2017

Pearson Edexcel International GCSE
in Accounting (4AC0)

Paper 1

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

Section B

Question Number	Answer	Mark																																																																														
11(a)	Award 1 mark for correct date, details and amounts in combination. Award 1 mark for total line Sales Book <table><tr><th>Date</th><th>Name</th><th></th><th>£</th><th>£</th><th>£</th></tr><tr><td>Nov</td><td></td><td></td><td>Net</td><td>VAT</td><td>Total</td></tr><tr><td>2</td><td>L Homer</td><td>(1)</td><td>252.00</td><td>50.40</td><td>302.40</td></tr><tr><td>3</td><td>M Ward</td><td>(1)</td><td>486.00</td><td>97.20</td><td>583.20</td></tr><tr><td>12</td><td>J Courtney</td><td>(1)</td><td>765.00</td><td>153.00</td><td>918.00</td></tr><tr><td>27</td><td>C Lion</td><td>(1)</td><td>261.00</td><td>52.20</td><td>313.20</td></tr><tr><td>30</td><td>L Homer</td><td>(1)</td><td>315.00</td><td>63.00</td><td>378.00</td></tr><tr><td>30</td><td>Total for month</td><td>(1of)</td><td><u>2 079</u></td><td><u>415.80</u></td><td><u>2 494.80</u></td></tr></table> Sales Returns Book <table><tr><th>Date</th><th>Name</th><th></th><th>£</th><th>£</th><th>£</th></tr><tr><td>Nov</td><td></td><td></td><td>Net</td><td>VAT</td><td>Total</td></tr><tr><td>8</td><td>L Homer</td><td>(1)</td><td>63.00</td><td>12.60</td><td>75.60</td></tr><tr><td>21</td><td>M Ward</td><td>(1)</td><td>54.00</td><td>10.80</td><td>64.80</td></tr><tr><td>30</td><td>Total for month</td><td>(1of)</td><td><u>117.00</u></td><td><u>23.40</u></td><td><u>140.40</u></td></tr></table>	Date	Name		£	£	£	Nov			Net	VAT	Total	2	L Homer	(1)	252.00	50.40	302.40	3	M Ward	(1)	486.00	97.20	583.20	12	J Courtney	(1)	765.00	153.00	918.00	27	C Lion	(1)	261.00	52.20	313.20	30	L Homer	(1)	315.00	63.00	378.00	30	Total for month	(1of)	<u>2 079</u>	<u>415.80</u>	<u>2 494.80</u>	Date	Name		£	£	£	Nov			Net	VAT	Total	8	L Homer	(1)	63.00	12.60	75.60	21	M Ward	(1)	54.00	10.80	64.80	30	Total for month	(1of)	<u>117.00</u>	<u>23.40</u>	<u>140.40</u>	(9)
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Question Number	Answer						Mark	
11(b)	Award 1 mark for each correct side						(6)	
		Net		VAT		Total		
		Account	Debit/Credit	Account	Debit/Credit	Account		Debit/Credit
	Sales book	Sales	Credit (1)	VAT	Credit (1)	Sales ledger control		Debit (1)
	Sales returns book	Sales returns	Debit (1)	VAT	Debit (1)	Sales ledger control		Credit (1)

Question Number	Answer	Mark																																										
11(c)	Award marks for correct date, narrative and amounts in combination. L Homer Account <table><tr><th>Date</th><th>Narrative</th><th>£</th><th>Date</th><th>Narrative</th><th>£</th></tr><tr><td>Nov 1</td><td>Balance b/f</td><td>400 (1)</td><td>Nov 7</td><td>Cash book/Bank</td><td>380 (1)</td></tr><tr><td>Nov 2</td><td>Sales (book)</td><td>302.40 (1 of)</td><td></td><td>Cash book/Discount allowed</td><td>20 (1)</td></tr><tr><td>Nov 30</td><td>Sales (book)</td><td>378 (1 of)</td><td>Nov 8</td><td>Sales returns (book)</td><td>75.60 (1 of)</td></tr><tr><td></td><td></td><td></td><td>Nov 30</td><td>Balance c/d</td><td>604.80</td></tr><tr><td></td><td></td><td><u>1080.40</u></td><td></td><td></td><td>1080.40</td></tr><tr><td>Dec 1</td><td>Balance b/d</td><td>604.80 (1 of)</td><td></td><td></td><td></td></tr></table>	Date	Narrative	£	Date	Narrative	£	Nov 1	Balance b/f	400 (1)	Nov 7	Cash book/Bank	380 (1)	Nov 2	Sales (book)	302.40 (1 of)		Cash book/Discount allowed	20 (1)	Nov 30	Sales (book)	378 (1 of)	Nov 8	Sales returns (book)	75.60 (1 of)				Nov 30	Balance c/d	604.80			<u>1080.40</u>			1080.40	Dec 1	Balance b/d	604.80 (1 of)				(7)
Date	Narrative	£	Date	Narrative	£																																							
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Dec 1	Balance b/d	604.80 (1 of)																																										
Question Number	Answer	Mark																																										
11(d)	Award mark for each correctly identified document <table><tr><th>Book</th><th>Document</th></tr><tr><td>Petty cash book</td><td>Petty cash voucher/voucher (1)</td></tr><tr><td>Purchases book</td><td>Purchase invoice/invoice (1)</td></tr><tr><td>Purchases returns book</td><td>Credit note (1)</td></tr></table>	Book	Document	Petty cash book	Petty cash voucher/voucher (1)	Purchases book	Purchase invoice/invoice (1)	Purchases returns book	Credit note (1)	(3)																																		
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Purchases returns book	Credit note (1)																																											

Question Number	Answer	Mark																																																								
12 (a)	Award 1 mark for each correct figure <table><tr><td></td><td>£</td></tr><tr><td>Total of purchases ledger balances</td><td>4 890 (1)</td></tr><tr><td>Adjustment</td><td></td></tr><tr><td>1</td><td>290 (1)</td></tr><tr><td>2</td><td>420 (1)</td></tr><tr><td>3</td><td>(30) (1)</td></tr><tr><td>4</td><td>(40) (1)</td></tr><tr><td>Purchases ledger control account balance</td><td>5 530 (1)</td></tr></table>		£	Total of purchases ledger balances	4 890 (1)	Adjustment		1	290 (1)	2	420 (1)	3	(30) (1)	4	(40) (1)	Purchases ledger control account balance	5 530 (1)	(6)																																								
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Question Number	Answer	Mark																																																								
12 (b)	Award 1 mark for each correct figure and each correct label Ruslan Balance Sheet extract As at 30 September 2016 <table><tr><td></td><td>£</td><td>£</td><td>£</td></tr><tr><td>Current assets</td><td></td><td></td><td></td></tr><tr><td>Stock</td><td></td><td>4 238 (1)</td><td></td></tr><tr><td>Debtors</td><td>7 622 (1)</td><td></td><td></td></tr><tr><td>Provision for doubtful debts</td><td><u>600</u></td><td></td><td></td></tr><tr><td></td><td></td><td>7 022 (1)</td><td></td></tr><tr><td>Prepayments</td><td></td><td>250 (1)</td><td></td></tr><tr><td>Cash in hand</td><td></td><td><u>211</u> (1)</td><td></td></tr><tr><td></td><td></td><td></td><td>11 721(1of)</td></tr><tr><td>Current liabilities</td><td></td><td></td><td></td></tr><tr><td>Creditors</td><td></td><td>5 530 (1)</td><td></td></tr><tr><td>Bank overdraft</td><td></td><td><u>2 382</u> (1)</td><td></td></tr><tr><td></td><td></td><td></td><td><u>7 912 (1of)</u></td></tr><tr><td>Working capital</td><td></td><td></td><td>3 809 (1of)</td></tr></table>		£	£	£	Current assets				Stock		4 238 (1)		Debtors	7 622 (1)			Provision for doubtful debts	<u>600</u>					7 022 (1)		Prepayments		250 (1)		Cash in hand		<u>211</u> (1)					11 721(1of)	Current liabilities				Creditors		5 530 (1)		Bank overdraft		<u>2 382</u> (1)					<u>7 912 (1of)</u>	Working capital			3 809 (1of)	(10)
	£	£	£																																																							
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Question Number	Answer	Mark				
12 (c)	(i)	(4)				
	<table><tr><td>Current ratio</td><td></td></tr><tr><td>Current assets/Current liabilities (1)</td><td>11721/7912 = 1.48:1 (1 of)</td></tr></table>		Current ratio		Current assets/Current liabilities (1)	11721/7912 = 1.48:1 (1 of)
	Current ratio					
	Current assets/Current liabilities (1)		11721/7912 = 1.48:1 (1 of)			
(ii)						
<table><tr><td>Acid test ratio</td><td></td></tr><tr><td>Current assets - stock/Current liabilities (1)</td><td>11721 - 4238 /7912 = 0.95:1 (1 of)</td></tr></table>	Acid test ratio		Current assets - stock/Current liabilities (1)	11721 - 4238 /7912 = 0.95:1 (1 of)		
Acid test ratio						
Current assets - stock/Current liabilities (1)	11721 - 4238 /7912 = 0.95:1 (1 of)					
Question Number	Answer	Mark				
12 (d)	Award (1) mark for identifying that the liquidity position has deteriorated and a further (1) mark for stating both benchmark figures. Award up to (2) marks for the implications for the businesses creditors. A final (1) mark can be awarded for an appropriate conclusion. Sample answer The businesses liquidity position has deteriorated over the past two years (1). Both ratios have decreased to below the benchmark figures of 2:1 for the current ratio and 1:1 for the acid test (1) His creditors may be concerned that they will not receive payment for goods supplied (1) and may refuse to supply goods in the future (1). The business must take steps to improve its liquidity position in order to maintain good relations with its creditors(1)	(5)				

Question Number	Answer	Mark																								
13 (a)	Award 1 mark for each correctly stated advantage (Max 2) Sample responses Share workload Additional capital Expertise N.B. Do not accept sharing profits.	(2)																								
Question Number	Answer	Mark																								
13 (b)	Award up to 2 marks for a clear explanation Sample response A partnership maintains individual current accounts as it is important to be able to see for each partner separately (1) how much is owed to them by the partnership (credit balance)/how much they owe the partnership (debit balance) (1).	(2)																								
Question Number	Answer	Mark																								
13 (c)	Award marks for correct date, details and amounts in combination. Current Accounts <table><tr><th>Date</th><th>Narrative</th><th>Adam (£)</th><th>Bob (£)</th><th>Date</th><th>Narrative</th><th>Adam (£)</th><th>Bob (£)</th></tr><tr><td>2015 Nov 1</td><td>Balance b/f</td><td></td><td>235</td><td>2015 Nov 1</td><td>Balance b/f</td><td>2780</td><td></td></tr><tr><td>2016 Oct 31</td><td>Drawings</td><td>2 490</td><td>3 100 (1for both)</td><td>2016 Oct 31</td><td>Salary</td><td>20 000 (1)</td><td></td></tr></table>	Date	Narrative	Adam (£)	Bob (£)	Date	Narrative	Adam (£)	Bob (£)	2015 Nov 1	Balance b/f		235	2015 Nov 1	Balance b/f	2780		2016 Oct 31	Drawings	2 490	3 100 (1for both)	2016 Oct 31	Salary	20 000 (1)		(2)
Date	Narrative	Adam (£)	Bob (£)	Date	Narrative	Adam (£)	Bob (£)																			
2015 Nov 1	Balance b/f		235	2015 Nov 1	Balance b/f	2780																				
2016 Oct 31	Drawings	2 490	3 100 (1for both)	2016 Oct 31	Salary	20 000 (1)																				

Question Number	Answer	Mark
13 (d)	Award 1 mark for each item (Max 2) Sample responses Interest on drawings Interest on capital/loans Share of profits	(2)
Question Number	Answer	Mark
13 (e)	Award marks as below: On 1 November 2015 Bob owed the partnership (1). This may be because he withdrew too much money from the partnership the previous year (1).	(2)
Question Number	Answer	Mark
13 (f)	Award marks as below: Award up to (2) marks for identifying that the company will have limited liability and for clearly stating the implications this will have for each partner. Award up to (2) marks for reference to possible loss of control of their business due to the issue of shares, and the implications for the partnership of receiving dividends only. A final (1) mark can be awarded for an appropriate conclusion. Sample answer This change of structure will result in the partners having limited liability (1) which means that each partner's liability is limited to the amount of money they have invested in the business (1). The partners may lose some control of their business (1) due to the issue of shares and may also suffer financially as they will now be rewarded through dividends (1) However they may be able to have access to more sources of finance and see their business grow. (1)	(5)

Question Number	Answer	Mark																											
14 (a)	Mihai Manufacturing Trading account Year ended 31 December 2016 <table border="1"> <thead> <tr> <th></th><th>£</th><th>£</th></tr> </thead> <tbody> <tr> <td>Revenue*</td><td></td><td>375 000 (2/1of)</td></tr> <tr> <td>Cost of sales</td><td></td><td></td></tr> <tr> <td>Production cost</td><td>236112 (1)</td><td></td></tr> <tr> <td>Purchases of FG</td><td>96 022 (1)</td><td></td></tr> <tr> <td></td><td>332 134</td><td></td></tr> <tr> <td>Closing stock - FG</td><td>82 134 (1)</td><td></td></tr> <tr> <td>Cost of sales</td><td></td><td>250 000</td></tr> <tr> <td>Gross profit</td><td></td><td>125 000 (1of)</td></tr> </tbody> </table> Award marks only where candidate has calculated the revenue figure based on 150% of cost of sales (of)		£	£	Revenue*		375 000 (2/1of)	Cost of sales			Production cost	236112 (1)		Purchases of FG	96 022 (1)			332 134		Closing stock - FG	82 134 (1)		Cost of sales		250 000	Gross profit		125 000 (1of)	(6)
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Cost of sales		250 000																											
Gross profit		125 000 (1of)																											
Question Number	Answer	Mark																											
4 (b)	Award 1 mark for any suitable suggestion. Sample responses To meet an urgent order Machinery breakdown Delays in production Cheaper to purchase than produce	(1)																											

Question Number	Answer	Mark
14 (c)	Award 2 marks for correct calculation. 56 515/375 000 (1of) x 365 = 55 days (1of)	(2)

Question Number	Answer	Mark
14 (d)	Award (1) mark for identifying that the collection period has exceeded that allowed. Award (1) mark for identifying the effect on the businesses ability to pay its own debts and (1) mark for stating that bad debts may increase. up to 3 marks Sample answer The debtor's collection period exceeds (1) the period allowed by Mihai Manufacturing. This could result in the business being unable to meet its own debts (1). There is also a possibility that bad debts may increase (1)	(3)
Question Number	Answer	Mark
14 (e)	Award 1 mark for each appropriate suggestion (Max 3) Sample responses Offer cash discount for early payment Send out regular statements of account Charge interest on late payments Stop selling on credit	(3)

Question Number	Answer	Mark																		
15 (a)	Award up to 4 marks for a clear explanation of the difference between the two - maximum of 2 marks for each. When a bad debt is written off there is reasonable certainty that a specific debtor is not going to pay (1). The profit and loss account is charged with the bad debt and the amount is taken off the sales ledger control account (1). A provision for doubtful debts is made when there is some doubt that the total value of debtors will be collected. (1) The change in the provision is charged to the profit and loss account through the adjustment account. The total provision is deducted from the debtors in the balance sheet. (1)	(4)																		
Question Number	Answer	Mark																		
15 (b)	Prudence (1) Accept Prudence concept or the concept of prudence Do not accept misspellings	(1)																		
Question Number	Answer																			
15 (c)	Award marks for correct figure and label. No date required <table><tr><th>Date</th><th>Account</th><th>Debit</th><th>Credit</th></tr><tr><td>July 1</td><td>Bad debts</td><td>580 (1)</td><td></td></tr><tr><td></td><td>Mayo</td><td></td><td>580 (1)</td></tr><tr><td></td><td></td><td></td><td></td></tr></table>	Date	Account	Debit	Credit	July 1	Bad debts	580 (1)			Mayo		580 (1)					(2)		
Date	Account	Debit	Credit																	
July 1	Bad debts	580 (1)																		
	Mayo		580 (1)																	
Question Number	Answer	Mark																		
15 (d)	Award marks for correct dates, narrative and amounts Bad Debts Recovered Account <table><tr><th>Date</th><th>Narrative</th><th>£</th><th>Date</th><th>Narrative</th><th>£</th></tr><tr><td>Dec 31</td><td>Profit and loss (1)</td><td><u>275</u>(1)</td><td>Aug 31</td><td>Bank</td><td><u>275</u>(1)</td></tr><tr><td></td><td></td><td></td><td></td><td></td><td></td></tr></table>	Date	Narrative	£	Date	Narrative	£	Dec 31	Profit and loss (1)	<u>275</u> (1)	Aug 31	Bank	<u>275</u> (1)							(3)
Date	Narrative	£	Date	Narrative	£															
Dec 31	Profit and loss (1)	<u>275</u> (1)	Aug 31	Bank	<u>275</u> (1)															

