# Mark Scheme (Results)

# January 2015

# Pearson Edexcel International GCSE Accounting (4AC0/01)

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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 | A | **(1)** |

| Question Number | Answer | Mark |
|---|---|---|
| 2 | D | **(1)** |

| Question Number | Answer | Mark |
|---|---|---|
| 3 | B | **(1)** |

| Question Number | Answer | Mark |
|---|---|---|
| 4 | A | **(1)** |

| Question Number | Answer | Mark |
|---|---|---|
| 5 | B | **(1)** |

| Question Number | Answer | Mark |
|---|---|---|
| 6 | C | **(1)** |

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

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

| Question Number | Answer | Mark |
|---|---|---|
| 9 | B | **(1)** |

| Question Number | Answer | Mark |
|---|---|---|
| 10 | D | **(1)** |

## Section B

| Question Number | Answer | Mark |
|---|---|---|
| 11 (a) | **Journal** | **(7)** |

| | Debit | Credit |
|---|---|---|
| | £ | £ |
| Purchases | 5 000(1) | |
| Fixtures and fittings | 8 000(1) | |
| Bank | 8 500(1) | |
| (Petty) Cash | 100(1) | |
| Loan | | 5 000(1) |
| Capital | | 16 600 (1of) |
| | 21 600 | 21 600 |
| **Being assets and liabilities on 1 July 2014** (1) | | |

| Question Number | Answer | Mark |
|---|---|---|
| 11 (b) | | **(9)** |

### Petty Cash Book

| Receipts | Date | Details | Total | Postage and Stationery | Travel | Cleaning | Ledger Accounts |
|---|---|---|---|---|---|---|---|
| £ | | | £ | £ | £ | £ | £ |
| 100 (1) | July 1 | Capital | | | | | |
| | July 1 | Postages | 10(1) | 10 | | | |
| | July 6 | Bus fares | 8(1) | | 8 | | |
| | July 10 | J Green | 19(1) | | | | 19 |
| | July 14 | Window Cleaner | 21(1) | | | 21 | |
| | July 22 | Taxi Fare | 12(1) | | 12 | | |
| | July 26 | Stationery | 16(1) | 16 | | | |
| | | | 86 | 26 | 20 | 21 | 19 |
| 86 (1) | July 31 | Cash | | | | | |
| | July 31 | Balance c/d | 100 | | | | |
| 186 | | | 186 | | | | |
| 100 (1) | Aug1 | Balance b/d | | | | | |

| Question Number | Answer | Mark |
|---|---|---|
| 12 (a) | **Debtors Ledger Control Account** | **(4)** |

| Date | Narration | £ | Date | Narration | £ |
|---|---|---|---|---|---|
| Jan 1 | Balance b/f | 4500(1) | Dec 31 | Cash book | 97800(1) |
| Dec 31 | Sales (bal figure) | 102000(1) | Dec 31 | Balance c/d | 8 700 |
| | | 106 500 | | | 106 500 |
| Jan 1 | Balance b/d | 8 700(1) | | | |

**Alternative presentation**

| | | |
|---|---|---|
| Opening Debtors | (4500) | (1) |
| Receipts from debtors | 97 800 | (1) |
| Closing debtors | 8 700 | (1) |
| Sales | 102 000 | (1) |

| Question Number | Answer | Mark |
|---|---|---|
| 12 (b) | **Creditors Ledger Control Account** | **(5)** |

| Date | Narration | £ | Date | Narration | £ |
|---|---|---|---|---|---|
| Dec 31 | Cash book | 36 890(1) | Jan 1 | Balance b/f | 3 678(1) |
| Dec 31 | Discount received | 1 667(1) | Dec 31 | Purchases (bal figure) | 39 200(1) |
| Dec 31 | Balance c/d | 4 321 | | | |
| | | 42 878 | | | 42 878 |
| | | | Jan 1 | Balance b/d | 4 321(1) |
| | | | | | |

**Alternative presentation**

| | | |
|---|---|---|
| Opening creditors | (3 678) | (1) |
| Payments to creditors | 36 890 | (1) |
| Discount received | 1 667 | (1) |
| Closing creditors | 4 321 | (1) |
| Purchases | 39 200 | (1) |

| Question Number | Answer | Mark |
|---|---|---|
| 12 (c) | **Rachel Black**<br>**Trading account for year ended 31 December 2014** | **(5)** |

| | £ | £ |
|---|---|---|
| Sales | | 102 000 (1of) |
| Cost of goods sold | | |
| Opening stock | 1 200 | |
| Purchases | 39 200 (1of) | |
| | 40 400 | |
| Closing stock | 1 400 (1cf) | |
| Cost of goods sold | | 39 000 (1 of) |
| Gross profit | | 63 000 (1 of) |

| Question Number | Answer | Mark |
|---|---|---|
| 12 (d) | Cost of goods sold (1)<br>Average Stock<br><br>39 000<br>1 300 = 30 (times) (1of) | **(2)** |

| Question Number | Answer | Mark |
|---|---|---|
| 12 (e) | Award (1) mark for identifying that the stock turnover rate has declined and a further (1) mark for development. A further (2) marks for stating the steps that could be taken to improve on the current situation and a further (1) mark for a suitable conclusion.<br><br>**Sample answer**<br><br>Over the three years Rachel's stock turnover has declined (1) from 50 times to 30 times. This indicates that it is taking longer for her to sell her stock. As a consequence of this there is a possibility that some of her stock may become obselete or become damaged (1) and have to be sold at a reduced price. In order to improve on her current stock turnover ratio Rachel should consider reducing her purchases (1) or offering her customers a discount in order to encourage sales(1). By taking these steps Rachel should see an improvement in her stock turnover rate (1) | **(5)** |

| Question Number | Answer | Mark |
|---|---|---|
| 13 (a) | **Green Limited**<br>**Appropriation account for the year ended 30 September 2014** | **(5)** |

| | £ | £ | |
|---|---|---|---|
| Net profit for the year | | 116 524 | |
| Transfer to general reserve | 25 000 | | (1 cf) |
| Ordinary share dividend proposed | 12 500 | | (1 cf) |
| | | 37 500 | |
| Retained profit for the year | | 79 024 | (1 of) |
| Retained profit brought forward | | 450 976 | (1 cf) |
| Retained profit carried forward | | 530 000 | (1 of) |

| Question Number | Answer | Mark |
|---|---|---|
| 13 (b) | | **(10)** |

**Green Limited**
**Balance Sheet as at 30 September 2014**

| | £ | £ | £ | |
|---|---|---|---|---|
| Fixed assets | Cost | Total depreciation | Net book value | |
| Land and buildings | 800 000 | | 800 000 | |
| Motor vehicles | 43 000 | 13 000 | 30 000 | |
| Fixtures and fittings | 27 500 | 7 500 | 20 000 | |
| | 870 500 | 20 500 | 850 000 | **(2 cf 1 of)** |
| | | | | |
| Current assets | | | | |
| Stock | 43 799 | | | |
| Trade debtors | 26 248 | | | |
| Prepaid expenses | 428 | | | |
| | | 70 475 | | **(2 cf 1 of)** |
| Current liabilities | | | | |
| Trade creditors | 216 89 | | | |
| Accrued expenses | 286 | | | |
| Proposed dividend | 12 500 | | | |
| Bank overdraft | 56 000 | 90 475 | | **(2 cf 1 of )** |
| Working capital | | | (20 000) | |
| | | | 830 000 | |
| Long term liabilities | | | | |
| 5% Debentures | | | 50 000 | **(1 cf)** |
| | | | 780 000 | |
| Financed by | | | | |
| Share capital | | 125 000 | | **(1 cf)** |
| General reserve | | 125 000 | | **(1 cf)** |
| Profit and loss account | | 530 000 | | **(1 of)** |
| | | | 780 000 | |

| Question Number | Answer | Mark |
|---|---|---|
| 14 (a) | | **(10)** |

**Red Limited**

**Manufacturing account for the year ended 31 October 2014.**

| | £ | £ | £ | |
|---|---|---|---|---|
| Opening stock – raw materials | 45 000 | | | |
| Purchases of raw materials | 262 000 | | | |
| | 307 000 | | | |
| Carriage on raw materials | 9 000 | | | |
| | 316 000 | | | |
| Closing stock – raw materials | 51 000 | | | |
| Cost of raw material consumed | | 265 000 | | (1) |
| Direct factory wages(78600 + 6 400) | | 85 000 | | (1) |
| Prime cost | | | 350 000 | (1) |
| Factory overheads | | | | |
| Indirect factory wages | | 28 930 | | |
| Factory power | | 22 379 | | |
| Heat and light | | 19 500 | | (1) |
| Insurance | | 750 | | (1) |
| Rent and rates | | 6 000 | | (1) |
| Depreciation – factory machinery | | 37 500 | | (1) |
| | | | 115 059 | |
| | | | 465 059 | |
| Opening work in progress | | | 13 650 | |
| Closing work in progress | | | (13 709) | (1) |
| **Production cost** (1) | | | 465 000 | (1) |

| Question Number | Answer | Mark |
|---|---|---|
| 14 (b)(i) | Net profit/Capital employed x 100 (1)<br><br>113000/565000 x 100 = 20% (1) | **(2)** |

| Question Number | Answer | Mark |
|---|---|---|
| 14 (b)(ii) | Award (1) for identifying that the ROCE is worsening over the three year period.<br>Award up to (3) for statements relating to how efficent or otherwise the company is.<br>Award (1) for an appropriate conclusion.<br><br>**Sample answer**<br><br>The ratio indicates that their ROCE has declined (1) over the three year period. This indicates that the company is not (1) operating as efficiently (1) as it should be and that they are not making the most effective use of their capital employed (1). If this trend contnues shareholders may decide to sell their shares and the company may have difficulty attracting further investments in the future (1). | **(5)** |

| Question Number | Answer | Mark |
|---|---|---|
| 15 | **Motor Vehicle Account** | **(21)** |

**Provision for Depreciation Account**

| Date | Narration | £ | Date | Narration | £ |
|---|---|---|---|---|---|
| Jan 1 | B Lue | **25 000** (1) | Jul 1 | **Asset Disposal** (1) | **10 000** (1) |
| | | | Dec 31 '14 | Bal c/d | 15 000 |
| | | 25 000 | | | 25 000 |
| Jan 1 '15 | Bal b/d | **15 000** (1of) | | | |

**Asset Disposal Account**

| Date | Narration | £ | Date | Narration | £ |
|---|---|---|---|---|---|
| Dec 31 '12 | Bal c/d | 6 250 | Dec 31 '12 | **Profit & loss** (1) | **6 250** (1) |
| Dec 31 '13 | Bal c/d | 12 500 | Jan 1 '13 | Bal b/d | 6 250 |
| | | | Dec 31 '13 | **Profit & loss** (1) | **6 250** (1) |
| | | 12 500 | | | 12 500 |
| Jul 1 '14 | **Asset Disposal** (1) | **5 000** (1) | Jan 1 '14 | Bal b/d | **12 500** (1of) |
| Dec 31 '14 | Bal c/d | 11 250 | Dec 31 '14 | **Profit & loss** (1) | **3 750** (1) |
| | | 16 250 | | | 16 250 |
| | | | Jan 1 '15 | Bal b/d | **11 250** (1of) |
| **Date 2014** | **Narration** | **£** | **Date 2014** | **Narration** | **£** |
| Jul 1 | **Motor Vehicle** (1) | **10 000** (1) | Jul 1 | Provision for Dep. | **5 000** (1) |
| | | | Jul 1 | **Cash** (1) | **2 500** (1) |
| | | | Dec 31 | **Profit & loss** (1) | **2 500** (1of) |
| | | 10 000 | | | 10 000 |

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