



Mark Scheme (Results)

Summer 2018

**Pearson Edexcel International GCSE
In Accounting (4AC0) Paper 1**

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Summer 2018

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Section A: multiple choice

Question Number	Answer	Mark
1	<i>The correct Answer is C</i> <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>	(1)
Question Number	Answer	Mark
2	<i>The correct Answer is B</i> <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>	(1)
Question Number	Answer	Mark
3	<i>The correct Answer is B</i> <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>	(1)
Question Number	Answer	Mark
4	<i>The correct Answer is C</i> <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>	(1)
Question Number	Answer	Mark
5	<i>The correct Answer is B</i> <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>	(1)

Question Number	Answer	Mark
6	<i>The correct Answer is B</i> <i>A is wrong because this is a purchase of inventory which is revenue expenditure</i> <i>C is wrong because this is an item of revenue expenditure</i> <i>D is wrong because this is an item of revenue expenditure</i>	(1)
Question Number	Answer	Mark
7	<i>The correct Answer is D</i> <i>A is wrong because both capital and revenue expenditure are treated in the same way in the cash book.</i> <i>B is wrong because creditors are not affected by this error.</i> <i>C is wrong because debtors are not affected by this error.</i>	(1)
Question Number	Answer	Mark
8	<i>The correct Answer is C</i> <i>A is wrong because an appropriation account is used to show how profit is shared which comes after this transaction.</i> <i>B is wrong because the transaction is not a manufacturing cost.</i> <i>D is wrong as the transaction would not be included in the trading account.</i>	(1)
Question Number	Answer	Mark
9	<i>The correct Answer is A</i> <i>B is wrong because a receipts and payments account is the same as a cash book.</i> <i>C is wrong because a statement of affairs is the same as a balance sheet.</i> <i>D is wrong as a subscriptions account is the same as a sales account.</i>	(1)

Question Number	Answer	Mark
10	<i>The correct Answer is C</i> <i>A is wrong because profitability is measured using profitability ratios not liquidity ratios.</i> <i>B is wrong because profitability ratios are used to assess the level of trading not liquidity ratios.</i> <i>D is wrong as the measurement relates to profitability not liquidity.</i>	(1)

Section B

Question Number	Answer	Mark																																										
11(ai)	Award marks for correct date, details and amounts in combination. C Son Account <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)
Date	Details	£	Date	Details	£																																							
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May 1	Balance b/d	543 (1of)																																										

Question Number	Answer	Mark																																										
11(aii)	Award marks for correct date, details and amounts in combination. Sales Ledger Control Account <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>7474 (1)</td><td>Apr 30</td><td>(PL) set off/Contra</td><td>450(1)</td></tr><tr><td>Apr 30</td><td>Sales (Book)</td><td>4 235 (1)</td><td></td><td>Returns inwards (Book)</td><td>385(1)</td></tr><tr><td></td><td></td><td></td><td></td><td>Cash (Book) (Bank)</td><td>8712 (1)</td></tr><tr><td></td><td></td><td></td><td></td><td>Balance c/d</td><td>2162</td></tr><tr><td></td><td></td><td><u>11709</u></td><td></td><td></td><td><u>11709</u></td></tr><tr><td>May 1</td><td>Balance b/d</td><td>2162 (1of)</td><td></td><td></td><td></td></tr></table>	Date	Details	£	Date	Details	£	Apr 1	Balance b/d	7474 (1)	Apr 30	(PL) set off/Contra	450 (1)	Apr 30	Sales (Book)	4 235 (1)		Returns inwards (Book)	385 (1)					Cash (Book) (Bank)	8712 (1)					Balance c/d	2162			<u>11709</u>			<u>11709</u>	May 1	Balance b/d	2162 (1of)				
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May 1	Balance b/d	2162 (1of)																																										

(6)

Question Number	Answer	Mark																																				
11(aiii)	Award marks for correct date, details and amounts in combination. Sales Account <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)																																	
			Apr 15	Cash (Book) (Bank)	600/660 (2/1)																																	
			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)	Award marks for correct date, details and amounts in combination. (iv) Returns Inwards Account <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)
Date	Narration	£	Date	Narration	£																											
Apr 1	Balance b/d	1342 (1)	Apr 30	Balance c/d	1692																											
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Question Number	Answer	Mark
11 (b)	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. Sample reasons The maintenance of a sales ledger control account can bring many benefits to Justin as : • 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) Conclusion (1) Therefore the preparation of a sales ledger control account will bring many benefits to Justin's business.	(5)

Question Number	Answer	Mark																				
12(a)	Award 1 mark each for: • total assets • total liabilities • capital Assets: <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> Liabilities: <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> Capital: 25000 – 15 000 = <u>10 000</u> (1of)	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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Question Number	Answer	Mark														
12(b)	Award marks as shown; marks to be awarded for correct figure and treatment. <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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Total sales	120 200 (1of)															

Question Number	Answer	Mark												
12(c)	Award marks as shown; marks to be awarded for correct figure and treatment. <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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Question Number	Answer	Mark																																																																				
12(d)	Award marks as shown; marks to be awarded for correct figure and treatment with labels. Award revenue and purchases o/f marks only if they match with (b) and (c) Sevket Christakos Income statement Year ended 28 February 2018 <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>44 360</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>45 000</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> *Electricity 1 650 (1) – 300 (1) + 400 (1) = 1 750		£	£		Revenue		120 200	(1 of)	Opening stock	2 500			Purchases	44 360		(1 of)		46 860			Closing stock	<u>1 860</u>		(1)	Cost of sales		45 000	(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)	(11)
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Question Number	Answer	Mark																
13 (a)	Award marks as shown <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> Accept turnover in lieu of sales % notation must be shown	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															
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)															
Question Number	Answer	Mark																
13 (b)	Award • 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 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. 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) The managing director is incorrect in assuming that the business has had a successful year as overall profitability has declined. (1)	(5)																

Question Number	Answer	Mark
13 (c)	Award mark for correct response only e.g. Current / current ratio Working capital / working capital ratio Acid test / acid test ratio Quick / quick ratio Accept any appropriate spelling Accept upper or lowercase	(1)

Question Number	Answer	Mark																																				
14(a)(i)	Award marks for figures on the correct side as shown. Award 1 mark for all correct dates and narratives Capital Account <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> W1 400 (1) + 1450 (1) = 1850	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)
Date	Details	£	Date	Details	£																																	
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14 (a)(ii)	Award marks for figures on the correct side as shown. Award 1 mark for all correct dates and narratives Drawings Account <table><tr><th>Date</th><th>Details</th><th>£</th><th>Date</th><th>Details</th><th>£</th></tr><tr><td>2017 May 1</td><td>Purchases</td><td>400 W1(2)</td><td>2017 Dec 31</td><td>Capital</td><td>1 850 (1of)</td></tr><tr><td>Oct 1</td><td>Cash (Bank)</td><td>1 450 (1)</td><td></td><td></td><td></td></tr><tr><td></td><td></td><td><u>1 850</u></td><td></td><td></td><td><u>1 850</u></td></tr></table> W1 500 (1) x 80%(1) = 400	Date	Details	£	Date	Details	£	2017 May 1	Purchases	400 W1(2)	2017 Dec 31	Capital	1 850 (1of)	Oct 1	Cash (Bank)	1 450 (1)						<u>1 850</u>			<u>1 850</u>	(5)												
Date	Details	£	Date	Details	£																																	
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		<u>1 850</u>			<u>1 850</u>																																	

Question Number	Answer	Mark				
14 (b)	Award 1 mark for each correct concept <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> Accept any appropriate spelling	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)	Award up to 2 marks for advantages and up to 2 marks for disadvantages. Advantages • additional capital • share the risk • share the workload • new ideas • additional skills Disadvantages • receiving less profit • delaying business decisions • possible conflicts • responsible for all debts Accept other appropriate responses	(4)

Question Number	Answer	Mark
15 (b)	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. Sample answer Current accounts (1) will be required which will record drawings , interest on capital etc. (1) The partnership will be required to produce an appropriation account (1) which will show the share of profit/loss for each partner (1) The financed by section of the balance sheet (1) will now include separate balances for each partners capital and current accounts. (1)	(6)

