

Mark Scheme (Results)

January 2014

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

Question Number	Answer	Mark
1	B	(1)

Question Number	Answer	Mark
2	A	(1)

Question Number	Answer	Mark
3	D	(1)

Question Number	Answer	Mark
4	B	(1)

Question Number	Answer	Mark
5	A	(1)

Question Number	Answer	Mark
6	A	(1)

Question Number	Answer	Mark
7	C	(1)

Question Number	Answer	Mark
8	A	(1)

Question Number	Answer	Mark
9	A	(1)

Question Number	Answer	Mark
10	D	(1)

Section B

Question Number	Answer	Mark
11(a)	<p>Award up to 2 marks max per correct reason</p> <p>Sample answers:</p> <p>An overpayment (1) by a debtor (1) The debtor returned goods(1) after paying the account (1) The debtor paying in advance (1) for the goods (1) Cash discount (1) not being deducted before payment was made (1)</p>	(4)

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11(b)	<p style="text-align: center;">Sales Ledger Control Account</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th>Date</th> <th>Narrative</th> <th>Amount (£)</th> <th>Date</th> <th>Narrative</th> <th>Amount (£)</th> </tr> </thead> <tbody> <tr> <td>Jan 1</td> <td>Bal b/f</td> <td style="text-align: right;">55</td> <td>Jan 1</td> <td>Bal b/f</td> <td style="text-align: right;">365(1)</td> </tr> <tr> <td></td> <td></td> <td style="text-align: right;">737(1)</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Dec 31</td> <td>Credit sales</td> <td style="text-align: right;">340 095</td> <td>Dec 31</td> <td>Returns In</td> <td style="text-align: right;">6 987(1)</td> </tr> <tr> <td></td> <td></td> <td style="text-align: right;">(1)</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Dec 31</td> <td>Cash Book</td> <td style="text-align: right;">242 (1)</td> <td>Dec 31</td> <td>Cash Book</td> <td style="text-align: right;">316 895</td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> <td style="text-align: right;">(1)</td> </tr> <tr> <td></td> <td></td> <td></td> <td>Dec 31</td> <td>Discount allowed</td> <td style="text-align: right;">15 419</td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> <td style="text-align: right;">(1)</td> </tr> <tr> <td></td> <td></td> <td></td> <td>Dec 31</td> <td>PL set off</td> <td style="text-align: right;">500(1)</td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td></td> <td style="text-align: right;"><u>396 074</u></td> <td>Dec 31</td> <td>Balance c/d</td> <td style="text-align: right;">55 908</td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> <td style="text-align: right;">(1)</td> </tr> <tr> <td>Jan 1</td> <td>Balance b/d</td> <td style="text-align: right;">55 908</td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td></td> <td style="text-align: right;">(1)</td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> <td style="text-align: right;"><u>396 074</u></td> </tr> </tbody> </table>	Date	Narrative	Amount (£)	Date	Narrative	Amount (£)	Jan 1	Bal b/f	55	Jan 1	Bal b/f	365 (1)			737(1)				Dec 31	Credit sales	340 095	Dec 31	Returns In	6 987 (1)			(1)				Dec 31	Cash Book	242 (1)	Dec 31	Cash Book	316 895						(1)				Dec 31	Discount allowed	15 419						(1)				Dec 31	PL set off	500 (1)									<u>396 074</u>	Dec 31	Balance c/d	55 908						(1)	Jan 1	Balance b/d	55 908						(1)									<u>396 074</u>	(9)
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11(c)	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;">Formula</td> <td style="width: 50%;">Debtors collection period</td> </tr> <tr> <td>Debtors/Credit sales x 365 (1)</td> <td>55908 /340095 x 365 =</td> </tr> <tr> <td></td> <td>60 days (1 of)</td> </tr> </table> <p>(ii)</p> <p>Answer must be consistent with answer to (i)</p> <p>Award (1) mark for stating whether or not Alcatraz will be satisfied with the debtors collection period calculated and a further (1) for developing the response. An additional (2) marks can be awarded for the implications for the business of debtors taking longer than they should to pay their debts. (1) further mark for a concluding statement</p>	Formula	Debtors collection period	Debtors/Credit sales x 365 (1)	55908 /340095 x 365 =		60 days (1 of)	(2)
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	60 days (1 of)							

	<p>Sample Answer</p> <p>The debtors ratio shows that the collection period for debtors was 60 days. Alcatraz will not (1) be satisfied with this figure as it is greater than the 30 days credit he allows his customers (1)</p> <p>If his debtors are not paying on time this could result in the business suffering cash flow problems (1) or in some instances an increase in the number of bad debts (1).</p> <p>It is therefore very important for the business to monitor the payment period of its debtors (1)</p>	(5)
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Question Number	Answer	Mark
12(a)	<p>Award (1) mark for each correct stated difference.</p> <p>Sample Answers</p> <p>A limited liability company has separate identity from its owners.</p> <p>The owners (shareholders) in a company have limited liability, unlike a partnership where each partner is liable for all debts of the partnership.</p> <p>Companies can raise capital through the issue of shares.</p> <p>Companies pay dividends to their shareholders</p>	(2)

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12(b)	<p>Cable and Carr Appropriation Account For year ended 31 October 2013</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="width: 40%;"></th> <th style="width: 20%; text-align: center;">£</th> <th style="width: 40%; text-align: center;">£</th> </tr> </thead> <tbody> <tr> <td>Net Profit</td> <td></td> <td style="text-align: right;">37 900 (1cf)</td> </tr> <tr> <td>Appropriations</td> <td></td> <td></td> </tr> <tr> <td>Salary Cable</td> <td style="text-align: right;">7 000 (1cf)</td> <td></td> </tr> <tr> <td>Interest on capitals:</td> <td></td> <td></td> </tr> <tr> <td> Cable</td> <td style="text-align: right;">5 000 (1cf)</td> <td></td> </tr> <tr> <td> Carr</td> <td style="text-align: right;">4 000 (1cf)</td> <td></td> </tr> <tr> <td></td> <td></td> <td style="text-align: right;">16 000</td> </tr> <tr> <td></td> <td></td> <td style="text-align: right;">21 900</td> </tr> <tr> <td>Share of profits:</td> <td></td> <td></td> </tr> <tr> <td> Cable</td> <td style="text-align: right;">10 950 (1of)</td> <td></td> </tr> <tr> <td> Carr</td> <td style="text-align: right;">10 950 (1of)</td> <td></td> </tr> <tr> <td></td> <td></td> <td style="text-align: right;">21 900</td> </tr> </tbody> </table>		£	£	Net Profit		37 900 (1cf)	Appropriations			Salary Cable	7 000 (1cf)		Interest on capitals:			Cable	5 000 (1cf)		Carr	4 000 (1cf)				16 000			21 900	Share of profits:			Cable	10 950 (1of)		Carr	10 950 (1of)				21 900	(6)
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12(e)	<p>Award a maximum of 2 marks for evaluating the change in each ratio plus a further 1 mark for any indication of the possible effects of this on the business's future prospects</p> <p>Sample answers</p> <p>The gross profit percentage may have decreased due to the selling price being decreased (1) in order to increase the sales volume (1).</p> <p style="text-align: center;">OR</p> <p>The gross profit percentage has decreased due to an increase in the cost of goods sold (1) which has not been passed onto the customer in the form of higher prices (1)</p> <p>The rate of stock turnover has increased may indicate that the business is taking longer to sell its stock (1) which may lead to increase in the costs associated with stockholding (1) such as warehousing costs etc (1) (max 2)</p> <p>If the profitability of the business continues to fall the business may struggle in the future to pay its running expenses (1)</p> <p style="text-align: center;">OR</p> <p>By reducing the selling price of their products the business may attract more customers in the long term and see their overall profits increase. (1)</p>	(5)																																				
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13(c)	<p>Award up to two marks for each relevant explanation.</p> <p>Sample answers</p> <p>The receipts and payments account only includes monies actually received and paid (1) whereas the income and expenditure account includes accruals and prepayments (1).</p> <p>The receipts and payment account does not include non-cash expenses (1) such as depreciation (1) which are included in the income and expenditure account.</p>	(4)

Question Number	Answer	Mark
14 (a)	<p>Award up to two marks for each relevant explanation.</p> <p>Sample answers</p> <p>To identify any differences between the bank balance shown in the cash book (1) and the balance on the bank statement (1)</p> <p>To aid the identification of errors in either the cash book (1) or made by the bank (1)</p> <p>To assist in the prevention of fraud (1) by confirming that the items on the bank statement match those in the cash book (1)</p>	(4)

Question Number	Answer	Mark
14 (b)	<p>Award (1) mark per item (max 2) for each item correctly identified</p> <p>Examples of acceptable responses:</p> <p>Bank Charges Standing orders Direct debits Credit transfers Dishonoured cheques</p>	(2)

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14 (c)	<p style="text-align: center;">Golden Gate Stores Bank Reconciliation Statement As At 31 October 2013</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th style="text-align: right;">£</th> <th style="text-align: right;">£</th> </tr> </thead> <tbody> <tr> <td>Balance as per cash book (1)</td> <td></td> <td style="text-align: right;">6 564 (1 cf)</td> </tr> <tr> <td>Unpresented cheques: World Telecom</td> <td style="text-align: right;">591 (1 cf)</td> <td></td> </tr> <tr> <td style="padding-left: 40px;">Stanley Ltd</td> <td style="text-align: right;">875 (1 cf)</td> <td></td> </tr> <tr> <td></td> <td></td> <td style="text-align: right;">1 466</td> </tr> <tr> <td></td> <td></td> <td style="text-align: right;">8 030</td> </tr> <tr> <td>Outstanding lodgement</td> <td></td> <td style="text-align: right;">3 267 (1 cf)</td> </tr> <tr> <td>Balance as per bank statement (1)</td> <td></td> <td style="text-align: right;">4 763 (1 cf)</td> </tr> </tbody> </table>		£	£	Balance as per cash book (1)		6 564 (1 cf)	Unpresented cheques: World Telecom	591 (1 cf)		Stanley Ltd	875 (1 cf)				1 466			8 030	Outstanding lodgement		3 267 (1 cf)	Balance as per bank statement (1)		4 763 (1 cf)	(7)
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		3 297
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Balance as per cash book (1)		6 564 (1 cf)

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14 (d)	(i) £6 564 (1 cf) (ii) Current assets (1)	(2)

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15 (a)	<p style="text-align: center;">Sundry Expenses Account</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th>Date</th> <th>Narrative</th> <th>Amount (£)</th> <th>Date</th> <th>Narrative</th> <th>Amount (£)</th> </tr> </thead> <tbody> <tr> <td>Dec 31</td> <td>Bank</td> <td style="text-align: right;">5 440 (1cf)</td> <td>Jan 1</td> <td>Balance b/f</td> <td style="text-align: right;">850 (1 cf)</td> </tr> <tr> <td>Dec 31</td> <td>Balance c/d</td> <td style="text-align: right;">1 100</td> <td>Dec 31</td> <td>Profit and loss (1)</td> <td style="text-align: right;">5 690 (1 of)</td> </tr> <tr> <td></td> <td></td> <td style="text-align: right;"><u>6 540</u></td> <td></td> <td></td> <td style="text-align: right;"><u>6 540</u></td> </tr> <tr> <td></td> <td></td> <td></td> <td>Jan 1</td> <td>Balance b/d</td> <td style="text-align: right;">11 00 (1 cf)</td> </tr> </tbody> </table> <p style="text-align: center;">Rent Receivable Account</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th>Date</th> <th>Narrative</th> <th>Amount (£)</th> <th>Date</th> <th>Narrative</th> <th>Amount (£)</th> </tr> </thead> <tbody> <tr> <td>Dec 31</td> <td>Profit and loss (1)</td> <td style="text-align: right;">12 000 (1 of)</td> <td>Jan 1</td> <td>Balance b/f</td> <td style="text-align: right;">2 000 (1 cf)</td> </tr> <tr> <td>Dec 31</td> <td>Balance c/d</td> <td style="text-align: right;">1 000</td> <td>Dec 31</td> <td>Bank</td> <td style="text-align: right;">11 000 (1 cf)</td> </tr> <tr> <td></td> <td></td> <td style="text-align: right;"><u>13 000</u></td> <td></td> <td></td> <td style="text-align: right;"><u>13 000</u></td> </tr> <tr> <td></td> <td></td> <td></td> <td>Jan 1</td> <td>Balance b/d</td> <td style="text-align: right;">1 000 (1 cf)</td> </tr> </tbody> </table>	Date	Narrative	Amount (£)	Date	Narrative	Amount (£)	Dec 31	Bank	5 440 (1cf)	Jan 1	Balance b/f	850 (1 cf)	Dec 31	Balance c/d	1 100	Dec 31	Profit and loss (1)	5 690 (1 of)			<u>6 540</u>			<u>6 540</u>				Jan 1	Balance b/d	11 00 (1 cf)	Date	Narrative	Amount (£)	Date	Narrative	Amount (£)	Dec 31	Profit and loss (1)	12 000 (1 of)	Jan 1	Balance b/f	2 000 (1 cf)	Dec 31	Balance c/d	1 000	Dec 31	Bank	11 000 (1 cf)			<u>13 000</u>			<u>13 000</u>				Jan 1	Balance b/d	1 000 (1 cf)	(10)
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Mark is awarded for figure and appropriate narrative.
Profit And loss figure must be clearly identified for mark to be awarded.

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