Mark Scheme
(Results)

Summer 2013

International GCSE Accounting (4AC0)

Edexcel and BTEC Qualifications

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Summer 2013
Publications Code UG035276

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	D	**(1)**

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

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

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

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

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

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

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

Section B

Question Number	Answer	Mark
11(a)	Credit	**(1)**

Question Number	Answer	Mark
11(b)	(X) £800 (Y) £160 (Z) £640	**(3)**

Question Number	Answer	Mark
11(c)	Trade discount is given to businesses in the same trade (1) and is a reward for loyalty (1) or for bulk buying (1). Max 2	**(2)**

Question Number	Answer	Mark
11(d)	**Harvey Nicholls Account**	**(4)**

Date	**Narration**	**£**	**Date**	**Narration**	**£**
Apr 1	Balance b/d	2 380 (1cf)	Apr 24	Sales returns	640 (1of)
Apr 15	Sales	1 240 (1cf)	Apr 30	Bank	2 980 (1of)
		3 620			**3 620**

<table>
<tr><th>Question Number</th><th>Answer</th><th>Mark</th></tr>
<tr><td>12(a)</td><td>
<table>
<tr><th></th><th>£</th><th></th></tr>
<tr><td>Opening debtors</td><td>13 400</td><td>(1 cf)</td></tr>
<tr><td>Receipts from debtors (64100 (1cf) – 11600 (1cf)</td><td>52 500</td><td>(2 cf)</td></tr>
<tr><td>Closing debtors</td><td>17 500</td><td>(1 cf)</td></tr>
<tr><td>Credit sales</td><td>56 600</td><td>(1 of)</td></tr>
</table>
</td><td>(5)</td></tr>
</table>

Alternative presentation acceptable

<table>
<tr><th>Question Number</th><th>Answer</th><th>Mark</th></tr>
<tr><td>12(a)</td><td>
Sales Ledger Control Account
<table>
<tr><th>Date</th><th>Narration</th><th>£</th><th>Date</th><th>Narration</th><th>£</th></tr>
<tr><td>Jan 1</td><td>Bal b/d</td><td>13400 (1cf)</td><td>Dec 31</td><td>Bank 64100 (1cf) – 11600 (1cf)</td><td>52 500 (2cf)</td></tr>
<tr><td>Dec 31</td><td>Sales</td><td>56 600 (1cf)</td><td>Dec 31</td><td>Bal c/d</td><td>17 500 (1cf)</td></tr>
<tr><td></td><td></td><td><u>70 000</u></td><td></td><td></td><td><u>70 000</u></td></tr>
</table>
</td><td>(5)</td></tr>
</table>

<table>
<tr><th>Question Number</th><th>Answer</th><th>Mark</th></tr>
<tr><td>12(b)</td><td>
<table>
<tr><th></th><th>£</th><th></th></tr>
<tr><td>Opening creditors</td><td>9 600</td><td>(1 cf)</td></tr>
<tr><td>Payments to creditors</td><td>35 700</td><td>(1 cf)</td></tr>
<tr><td>Discount received</td><td>700</td><td>(1 cf)</td></tr>
<tr><td>Closing creditors</td><td>11 200</td><td>(1 cf)</td></tr>
<tr><td>Credit purchases</td><td>38 000</td><td>(1 of)</td></tr>
</table>
</td><td>(5)</td></tr>
</table>

Alternative presentation acceptable

Question Number	Answer	Mark
12(b)	**Purchases Ledger Control Account**	**(5)**

Date	**Narration**	**£**	**Date**	**Narration**	**£**
Dec 31	Bank	35700 (1cf)	Jan 1	Bal b/d	9 600 (1cf)
Dec 31	Disc Rec	700 (1cf)	Dec 31	Purchases	38 000 (1of)
Dec 31	Bal c/d	11200 (1cf)			
		<u>47600</u>			**<u>47600</u>**

Question Number	Answer	Mark
12(c)	**Johan** **Trading Account** **for the year ended 31 December 2012**	**(8)**

	£	£	
Sales (56 600 + 11600)		68 200	(2 of)
Cost of goods sold			
Opening Stock	3 400		(1for both stocks cf)
Purchases (38 000 + 14250)	52 250		(2 of)
	55 650		
Closing Stock	4 500		
Cost of goods sold		51 150	(1 of)
Gross profit (1)		17 050	(1 of)

Question Number	Answer	Mark
12(d)(i)	Percentage of gross profit to sales	**(2)**

Formula	Calculation
<u>Gross profit</u> Sales x 100 (1)	<u>17 050</u> 68 200 x 100 = 25% (1 of)

Question Number	Answer	Mark
12(d)(ii)	Rate of stock turnover Formula: Cost of goods sold / Average Stock (1) Calculation: 51 150 / 3 950 = 12.95 times (1 of)	**(2)**

Formula	Calculation
<u>Cost of goods sold</u> Average Stock (1)	<u>51 150</u> 3 950 = 12.95 times (1 of)

Question Number	Answer	Mark
12(e)	See table below	**(3)**

	Increase	**Decrease**	**No Effect**
Gross profit			✓ (1)
Percentage of gross profit to sales		✓ (1)	
Rate of stock turnover	✓ (1)		

Question Number	Answer	Mark
13(a)	It is necessary for Saul to produce a manufacturing account in order to calculate the cost of production for his business (1). This will then be used to calculate the cost of sales and the gross profit (1).	**(2)**

Question Number	Answer	Mark
13(b)	Direct labour is the cost of the wages of the people who are involved with the manufacture of the product (1) whereas indirect labour is the cost of the wages of the people who are not directly involved in the production process such as supervisors and managers. (1)	**(2)**

Question Number	Answer	Mark
13(c)	Saul Manufacturing Account Year ended 31 December 2012	(11)

	£	£	
Opening stock raw materials	24 000		(1 for both)
Purchases of raw materials	234 000		(1cf)
	258 000		
Carriage on raw materials	6 000		(1cf)
	264 000		
Closing stock raw materials	34 000		
Cost of raw materials consumed		230 000	(1of)
Direct factory labour		110 000	(1cf)
Royalties		60 000	(1cf)
Prime cost		400 000	(1cf)
Indirect factory expenses		185 000	(1cf)
		585 000	
Opening work in progress		9 760	(1 for both)
Closing work in progress		(10 380)	
Production cost (1)		584 380	(1of)

Question Number	Answer	Mark
14 (a)	Capital account	(4)

Date	**Narration**	**£**	**Date**	**Narration**	**£**
Mar 31	Drawings	21 000 **(1cf)**	Apr 1	Balance b/d	64 500 **(1cf)**
Mar 31	Balance c/d	57 866	Mar 31	Net profit	14 366 **(1cf)**
		78 866			**78 866**
			Apr 1	Balance b/d	57 866 **(1cf)**

<table>
<tr><th>Question Number</th><th>Answer</th><th>Mark</th></tr>
<tr><td>14 (b)</td><td>
Safiya
Balance Sheet
As at 31 March 2013
<table>
<tr><td></td><td>£</td><td>£</td><td>£</td><td></td></tr>
<tr><td>Fixed Assets</td><td>Cost</td><td>Total Dep</td><td>N.B.V.</td><td></td></tr>
<tr><td>Fixtures and fittings</td><td>40 000</td><td>5 000</td><td>35 000</td><td>(1 cf)</td></tr>
<tr><td>Motor vehicles</td><td>55 000</td><td>19 800</td><td>35 200</td><td>(1 cf)</td></tr>
<tr><td></td><td>95 000</td><td>24 800</td><td>70 200</td><td></td></tr>
<tr><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td>Current Assets</td><td></td><td></td><td></td><td></td></tr>
<tr><td>Stock</td><td></td><td>6 000</td><td></td><td>(1 cf)</td></tr>
<tr><td>Debtors</td><td>4 980</td><td></td><td></td><td></td></tr>
<tr><td>Provision for doubtful debts</td><td>749</td><td></td><td></td><td></td></tr>
<tr><td></td><td></td><td>4 231</td><td></td><td>2 (cf)</td></tr>
<tr><td>Prepayments</td><td></td><td>1 430</td><td></td><td>(1 cf)</td></tr>
<tr><td>Bank</td><td></td><td>8 560</td><td></td><td>(1 cf)</td></tr>
<tr><td></td><td></td><td>20 221</td><td></td><td></td></tr>
<tr><td>Current Liabilities</td><td></td><td></td><td></td><td></td></tr>
<tr><td>Accruals</td><td>875</td><td></td><td></td><td>(1 cf)</td></tr>
<tr><td>Creditors</td><td>15 680</td><td></td><td></td><td>(1 cf)</td></tr>
<tr><td></td><td></td><td>16 555</td><td></td><td></td></tr>
<tr><td>Working capital</td><td></td><td></td><td>3 666</td><td>(1 of)</td></tr>
<tr><td></td><td></td><td></td><td>73 866</td><td></td></tr>
<tr><td>Long term Liabilities</td><td></td><td></td><td></td><td></td></tr>
<tr><td>Bank loan</td><td></td><td></td><td>16 000</td><td>(1 cf)</td></tr>
<tr><td></td><td></td><td></td><td>57 866</td><td></td></tr>
<tr><td>Financed by</td><td></td><td></td><td></td><td></td></tr>
<tr><td>Capital – Opening balance</td><td></td><td>64500</td><td></td><td></td></tr>
<tr><td>Net Profit</td><td></td><td>14366</td><td></td><td></td></tr>
<tr><td></td><td></td><td>78 866</td><td></td><td></td></tr>
<tr><td>Drawings</td><td></td><td>21 000</td><td></td><td></td></tr>
<tr><td></td><td></td><td></td><td>57 866</td><td>(1 cf)</td></tr>
</table>
</td><td>(12)</td></tr>
</table>

<table>
<tr><th>Question Number</th><th>Answer</th><th>Mark</th></tr>
<tr><td>14 (c)</td><td>Current ratio
<table>
<tr><td>Formula:
Current assets/Current liabilities (1)</td><td>Calculation
20 221/16 555 = 1.22:1 (1 of)</td></tr>
</table>
</td><td>(2)</td></tr>
<tr><td></td><td>Quick ratio (acid test)
<table>
<tr><td>Formula
Current assets - stock/Current liabilities (1)</td><td>Calculation
(20 221 – 6000)/16 555 = 0.86:1 (1 of)</td></tr>
</table>
</td><td>(2)</td></tr>
</table>

Question Number	Answer	Mark
14 (d)	Award (1) mark for a general statement regarding the change in liquidity over the two years; a further (2) marks for a discussion on the meaning of each individual ratio; (1) mark for the implication for their creditors and a final (1) mark for a conclusion. **Sample answer** The liquidity of the business has worsened over the two years (1) which is evidenced by the reduction in both ratios. The current ratio indicates that they are just able to cover their short term debts (1) whereas their quick ratio indicates that they are below the ideal ratio of 1:1. (1) The implication of this for a creditor is that the business may experience some difficulty in meeting its short term debts (1). The business needs to consider whether it needs to take steps to invest more cash into the business in order to meet its short term obligations (1)	**(5)**

Question Number	Answer	Mark
15 (a)	Straight line This method applies the same amount of depreciation or the same percentage rate each year (1). This method is used where each year is expected to benefit equally from the use of an asset (1).	**(2)**
	Reducing balance This method applies the same percentage rate of depreciation each year but it is calculated on a different value each year (1). This method is used where the greater benefits from the use of the asset will be gained in the early years of its life (1).	**(2)**

Question Number	Answer	Mark
15 (b)	**Provision for depreciation account**	

Date	**Narration**	**£**	**Date**	**Narration**	**£**
2011 June 30	Balance c/d	24 000	2011 June 30	Profit and loss (1)	24 000 (1 cf)
			July 1	Balance b/d	24 000
2012 June 30	Balance c/d	43 200	2012 June 30	Profit and loss (1)	19 200 (2 cf 1of)
		<u>43 200</u>			**<u>43 200</u>**
			July 1	Balance b/d	43 200 (1 of)

(6)

Question Number	Answer	Mark
15 (c)	Award up to 2 marks for comments relative to the accruals concept Award up to 2 marks for comments relative to the consistency concept Award 1 mark for a concluding statement. Sample answer When a business depreciates its fixed assets it is attempting to match the benefit achieved from the use of this fixed asset (1) to the cost of the fixed asset which is an example of the application of the accruals (matching) concept (1). In order for the business to monitor their performance it is necessary to use the same method of depreciation for each class of asset(1) which is an example of the application of the consistency concept (1). If a business does not follow these concepts it will be in breach of the accounting conventions (rules) and will report an incorrect profit in their profit and loss account and an incorrect valuation of their fixed assets on their balance sheet (1)	**(5)**

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