

Mark Scheme (Results)

June 2014

International GCSE Accounting (4AC0)

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Summer 2014

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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	C	(1)

Question Number	Answer	Mark
2	C	(1)

Question Number	Answer	Mark
3	C	(1)

Question Number	Answer	Mark
4	A	(1)

Question Number	Answer	Mark
5	B	(1)

Question Number	Answer	Mark
6	D	(1)

Question Number	Answer	Mark
7	A	(1)

Question Number	Answer	Mark
8	D	(1)

Question Number	Answer	Mark
9	B	(1)

Question Number	Answer	Mark
10	C	(1)

Section B

Question Number	Answer	Mark
11(a)	<p>Award (1) mark for a correctly stated benefit.</p> <p>Sample answers.</p> <p>Enable the total of debtors (and/or creditors) to be readily available. Helpful when preparing final accounts.</p> <p>Provide a check on the accuracy of the ledgers.</p> <p>To help the prevention or detection of fraud.</p> <p>(Do not accept 'detects errors')</p>	(1)

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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>Dec 1</td> <td>Bal b/f</td> <td style="text-align: right;">6 878 (1)</td> <td>Dec 31</td> <td>Returns in</td> <td style="text-align: right;">5 931 (1)</td> </tr> <tr> <td>Dec 31</td> <td>Credit sales</td> <td style="text-align: right;">81 257 (1)</td> <td>Dec 31</td> <td>Bad debts</td> <td style="text-align: right;">630 (1)</td> </tr> <tr> <td>Dec 31</td> <td>Dis cheque</td> <td style="text-align: right;">500 (1)</td> <td>Dec 31</td> <td>Cash book</td> <td style="text-align: right;">68 975 (1)</td> </tr> <tr> <td></td> <td></td> <td></td> <td>Dec 31</td> <td>Discount allowed</td> <td style="text-align: right;">3 200 (1)</td> </tr> <tr> <td></td> <td></td> <td></td> <td>Dec 31</td> <td>PL Set off</td> <td style="text-align: right;">650 (1)</td> </tr> <tr> <td></td> <td></td> <td></td> <td>Dec 31</td> <td>Bal c/d</td> <td style="text-align: right;">9 249</td> </tr> <tr> <td></td> <td></td> <td style="text-align: right;"><u>88 635</u></td> <td></td> <td></td> <td style="text-align: right;"><u>88 635</u></td> </tr> <tr> <td>Jan 1</td> <td>Bal b/d</td> <td style="text-align: right;">9 249 (1of)</td> <td></td> <td></td> <td></td> </tr> </tbody> </table> <p style="text-align: center;">Purchases 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>Dec 31</td> <td>Returns out</td> <td style="text-align: right;">2 497 (1)</td> <td>Dec 1</td> <td>Bal b/f</td> <td style="text-align: right;">4 932 (1)</td> </tr> <tr> <td>Dec 31</td> <td>Cash book</td> <td style="text-align: right;">39 874 (1)</td> <td>Dec 31</td> <td>Credit purchases</td> <td style="text-align: right;">49 369 (1)</td> </tr> <tr> <td>Dec 31</td> <td>Discount received</td> <td style="text-align: right;">4 587 (1)</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Dec 31</td> <td>SL set off</td> <td style="text-align: right;">650 (1)</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Dec 31</td> <td>Bal c/d</td> <td style="text-align: right;">6 693</td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td></td> <td style="text-align: right;"><u>54301</u></td> <td></td> <td></td> <td style="text-align: right;"><u>54 301</u></td> </tr> <tr> <td></td> <td></td> <td></td> <td>Jan 1</td> <td>Bal b/d</td> <td style="text-align: right;">6693 (1of)</td> </tr> </tbody> </table>	Date	Narrative	Amount (£)	Date	Narrative	Amount (£)	Dec 1	Bal b/f	6 878 (1)	Dec 31	Returns in	5 931 (1)	Dec 31	Credit sales	81 257 (1)	Dec 31	Bad debts	630 (1)	Dec 31	Dis cheque	500 (1)	Dec 31	Cash book	68 975 (1)				Dec 31	Discount allowed	3 200 (1)				Dec 31	PL Set off	650 (1)				Dec 31	Bal c/d	9 249			<u>88 635</u>			<u>88 635</u>	Jan 1	Bal b/d	9 249 (1of)				Date	Narrative	Amount (£)	Date	Narrative	Amount (£)	Dec 31	Returns out	2 497 (1)	Dec 1	Bal b/f	4 932 (1)	Dec 31	Cash book	39 874 (1)	Dec 31	Credit purchases	49 369 (1)	Dec 31	Discount received	4 587 (1)				Dec 31	SL set off	650 (1)				Dec 31	Bal c/d	6 693						<u>54301</u>			<u>54 301</u>				Jan 1	Bal b/d	6693 (1of)	(16)
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<p>(ii) Award (1) mark for stating whether the creditors would be satisfied with a further (1) mark for developing this point. A further (2) marks can be awarded for the implications of not paying your creditors on time. Conclusion (1)</p> <p>Sample Answer</p> <p>Fatimas's suppliers will not (1) be happy with this figure as it exceeds the 30 day period allowed by her creditors (1). Fatima may find it difficult to obtain credit in the future from other suppliers (1) as her credit rating will be poor which could affect her ability to purchase stock for resale (1).Therefore it is important for Fatima to pay her creditors on time (1)</p>	(5)					

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12(c)	<p>Award (1) mark for indication satisfaction/dissatisfaction with the ratio with a further (1) mark for any development. Award up to a further (2) marks for an indication that the current ratio may be too high. A final (1) mark can be awarded for an appropriate conclusion.</p> <p>Sample answer</p> <p>Shaw will be satisfied (1) with this ratio as it indicates that he is able to meet his short term debts (1)</p> <p>However Shaw may have too much money tied up in his current assets (1) as a ratio which exceeds 2:1 can indicate poor management of the current assets (1)</p> <p>Although ratios between 1.5:1 and 2:1 are generally regarded as satisfactory consideration also needs to be given to the size and type of the business which Shaw operates (1)</p>	(5)

Question Number	Answer	Mark
13(a)	<p>Direct wages is the term used to describe the cost of the wages of the people who are employed in the factory making the goods (1) whereas indirect wages refers to the wages of those staff that are not directly involved in the manufacture of the product such as supervisors (1)</p>	(2)

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13(b)	<table border="1"> <thead> <tr> <th></th> <th>£</th> <th>£</th> </tr> </thead> <tbody> <tr> <td>Opening stock raw materials</td> <td>26 000</td> <td></td> </tr> <tr> <td>Purchases raw materials</td> <td>134 000 (1 cf)</td> <td></td> </tr> <tr> <td>Carriage inwards</td> <td>1 000 (1 cf)</td> <td></td> </tr> <tr> <td></td> <td>161 000</td> <td></td> </tr> <tr> <td>Closing stock raw materials</td> <td>31 000 (1 cf both)</td> <td></td> </tr> <tr> <td>Cost of raw materials consumed</td> <td></td> <td>130 000 (1 of)</td> </tr> <tr> <td>Direct wages</td> <td></td> <td>70 000 (1 cf)</td> </tr> <tr> <td>Prime Cost</td> <td></td> <td>200 000 (1 of)</td> </tr> </tbody> </table>		£	£	Opening stock raw materials	26 000		Purchases raw materials	134 000 (1 cf)		Carriage inwards	1 000 (1 cf)			161 000		Closing stock raw materials	31 000 (1 cf both)		Cost of raw materials consumed		130 000 (1 of)	Direct wages		70 000 (1 cf)	Prime Cost		200 000 (1 of)	(6)
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13(c)	Error	Account(s) to be debited	Amount (£)	Account(s) to be credited	Amount (£)		(8)
	1	Purchases	500 (1)	Supplier/Creditors control	500 (1)		
	2	Suspense	720 (1)	Purchases	720 (1)		
	3	Suspense	245 (1)	Sales	245 (1)		
	4	Suspense	136 (1)	Discount allowed	68 (1 for both)		
				Discount received	68		
Award (1) mark for each correct entry – mark for both correct account name and amount. Do not accept names of books.							

Question Number	Answer				Mark
14 (a)	Date	Transaction	Explanation	Double Entry	(8)
	Oct 12	Cash book	A cheque or cash payment has been made for insurance (1)	Credit side of the bank/cash account OR credit cash book (1)	
	Oct 12	Discount	Cash discount received (1) by Rekha	Credit side of the discount received account (1)	
	Oct 31	Profit and loss	The transfer to the profit and loss account for the expense of insurance for the period (1)	Debit side of the profit and loss account (1)	
	Oct 31	Balance c/d	The value of insurance prepaid/paid in advance (1) at the end of the period.	Debit side of the insurance account (1)	

Question Number	Answer	Mark
14 (b)	<p>Rekha is considering investing in a computerised accounting package.</p> <p>(i) Evaluate the advantages of this proposal</p> <p>Award (1) mark for identification of an advantage and a further (1) mark for development of the response. A further (1) mark to be awarded for any appropriate conclusion. (Max 5)</p> <p>Sample answer</p> <p>The accuracy of the bookkeeping process will improve (1) as the calculations are done automatically by the program (1). The processing of financial information will be faster (1) as Rekha will only have to make one entry and the system will process the other entry automatically (1). Therefore Rekha's business could benefit from this investment (1)</p> <p>(ii) Evaluate the disadvantages of this proposal</p> <p>Award (1) mark for identification of a disadvantage and a further (1) mark for development of the response. A further (1) mark to be awarded for any appropriate conclusion. (Max 5)</p> <p>Sample answer</p> <p>The cost (1) of the hardware and software may require a fresh injection of capital (1). (Candidates may also refer to the cost of training staff or the cost of making staff redundant.) There is a risk (1) that data may be lost or corrupted due to computer viruses (1). Therefore Rekha's business may not benefit from this investment. (1)</p> <p>In both (i) and (ii) where candidate has only provided a list award Max (2) in each instance.</p>	(10)

Question Number	Answer	Mark
15 (a)	<p>Award up to (2) marks for each suggestion.</p> <p>Sample Answers</p> <p>1. Barat could offer his debtors a cash discount if they pay their accounts within a specified period (1) which would improve his cash flow (1).</p> <p>2. Barat could ensure that invoices are issued promptly (1) or send regular monthly statements(1) to his debtors which should remind them to pay the amount due on time (1) (Max 2)</p>	(4)

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15 (b)	Provision for doubtful debts account	(5)																														
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15 (c)	<p>Increase (1)</p> <p>As Barat's debtors have decreased then his provision would also decrease resulting in additional income (1) which would increase his profit.</p>	(2)

