



Mark Scheme (Results)

Summer 2013

International GCSE Accounting (4AC0)

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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	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)																								
	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th>Date</th> <th>Narration</th> <th>£</th> <th>Date</th> <th>Narration</th> <th>£</th> </tr> </thead> <tbody> <tr> <td>Apr 1</td> <td>Balance b/d</td> <td style="text-align: right;">2 380 (1cf)</td> <td>Apr 24</td> <td>Sales returns</td> <td style="text-align: right;">640 (1of)</td> </tr> <tr> <td>Apr 15</td> <td>Sales</td> <td style="text-align: right;">1 240 (1cf)</td> <td>Apr 30</td> <td>Bank</td> <td style="text-align: right;">2 980 (1of)</td> </tr> <tr> <td></td> <td></td> <td style="text-align: right;"><u>3 620</u></td> <td></td> <td></td> <td style="text-align: right;"><u>3 620</u></td> </tr> </tbody> </table>		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)			<u>3 620</u>			<u>3 620</u>
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Alternative presentation acceptable

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12(d)(i)	Percentage of gross profit to sales <table border="1" style="width: 100%; border-collapse: collapse; margin: 10px auto;"> <thead> <tr> <th>Formula</th> <th>Calculation</th> </tr> </thead> <tbody> <tr> <td> $\frac{\text{Gross profit}}{\text{Sales}} \times 100 \text{ (1)}$ </td> <td> $\frac{17\ 050}{68\ 200} \times 100 = 25\% \text{ (1 of)}$ </td> </tr> </tbody> </table>	Formula	Calculation	$\frac{\text{Gross profit}}{\text{Sales}} \times 100 \text{ (1)}$	$\frac{17\ 050}{68\ 200} \times 100 = 25\% \text{ (1 of)}$	(2)
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12(d)(ii)	<table border="1"> <thead> <tr> <th>Formula</th> <th>Calculation</th> </tr> </thead> <tbody> <tr> <td> $\frac{\text{Cost of goods sold}}{\text{Average Stock}}$ (1) </td> <td> $\frac{51\ 150}{3\ 950} = 12.95 \text{ times}$ (1 of) </td> </tr> </tbody> </table>	Formula	Calculation	$\frac{\text{Cost of goods sold}}{\text{Average Stock}}$ (1)	$\frac{51\ 150}{3\ 950} = 12.95 \text{ times}$ (1 of)	(2)
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	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)

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13(c)	<p style="text-align: center;">Saul Manufacturing Account Year ended 31 December 2012</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th style="text-align: center;">£</th> <th style="text-align: center;">£</th> <th></th> </tr> </thead> <tbody> <tr> <td>Opening stock raw materials</td> <td style="text-align: right;">24 000</td> <td></td> <td style="text-align: right;">(1 for both)</td> </tr> <tr> <td>Purchases of raw materials</td> <td style="text-align: right;"><u>234 000</u></td> <td></td> <td style="text-align: right;">(1cf)</td> </tr> <tr> <td></td> <td style="text-align: right;">258 000</td> <td></td> <td></td> </tr> <tr> <td>Carriage on raw materials</td> <td style="text-align: right;"><u>6 000</u></td> <td></td> <td style="text-align: right;">(1cf)</td> </tr> <tr> <td></td> <td style="text-align: right;">264 000</td> <td></td> <td></td> </tr> <tr> <td>Closing stock raw materials</td> <td style="text-align: right;"><u>34 000</u></td> <td></td> <td></td> </tr> <tr> <td>Cost of raw materials consumed</td> <td></td> <td style="text-align: right;">230 000</td> <td style="text-align: right;">(1of)</td> </tr> <tr> <td>Direct factory labour</td> <td></td> <td style="text-align: right;">110 000</td> <td style="text-align: right;">(1cf)</td> </tr> <tr> <td>Royalties</td> <td></td> <td style="text-align: right;"><u>60 000</u></td> <td style="text-align: right;">(1cf)</td> </tr> <tr> <td>Prime cost</td> <td></td> <td style="text-align: right;">400 000</td> <td style="text-align: right;">(1cf)</td> </tr> <tr> <td>Indirect factory expenses</td> <td></td> <td style="text-align: right;"><u>185 000</u></td> <td style="text-align: right;">(1cf)</td> </tr> <tr> <td></td> <td></td> <td style="text-align: right;">585 000</td> <td></td> </tr> <tr> <td>Opening work in progress</td> <td></td> <td style="text-align: right;">9 760</td> <td style="text-align: right;">(1 for both)</td> </tr> <tr> <td>Closing work in progress</td> <td></td> <td style="text-align: right;">(10 380)</td> <td></td> </tr> <tr> <td>Production cost (1)</td> <td></td> <td style="text-align: right;">584 380</td> <td style="text-align: right;">(1of)</td> </tr> </tbody> </table>		£	£		Opening stock raw materials	24 000		(1 for both)	Purchases of raw materials	<u>234 000</u>		(1cf)		258 000			Carriage on raw materials	<u>6 000</u>		(1cf)		264 000			Closing stock raw materials	<u>34 000</u>			Cost of raw materials consumed		230 000	(1of)	Direct factory labour		110 000	(1cf)	Royalties		<u>60 000</u>	(1cf)	Prime cost		400 000	(1cf)	Indirect factory expenses		<u>185 000</u>	(1cf)			585 000		Opening work in progress		9 760	(1 for both)	Closing work in progress		(10 380)		Production cost (1)		584 380	(1of)	(11)
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14 (d)	<p>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.</p> <p>Sample answer</p> <p>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).</p> <p>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)</p>	(5)

Question Number	Answer	Mark
15 (a)	<p>Straight line</p> <p>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).</p> <p>Reducing balance</p> <p>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).</p>	<p>(2)</p> <p>(2)</p>

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15 (b)	<p style="text-align: center;">Provision for depreciation account</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th>Date</th> <th>Narration</th> <th>£</th> <th>Date</th> <th>Narration</th> <th>£</th> </tr> </thead> <tbody> <tr> <td>2011 June 30</td> <td>Balance c/d</td> <td>24 000</td> <td>2011 June 30</td> <td>Profit and loss (1)</td> <td>24 000 (1 cf)</td> </tr> <tr> <td></td> <td></td> <td></td> <td>July 1</td> <td>Balance b/d</td> <td>24 000</td> </tr> <tr> <td>2012 June 30</td> <td>Balance c/d</td> <td>43 200</td> <td>2012 June 30</td> <td>Profit and loss (1)</td> <td>19 200 (2 cf 1of)</td> </tr> <tr> <td></td> <td></td> <td>43 200</td> <td></td> <td></td> <td>43 200</td> </tr> <tr> <td></td> <td></td> <td></td> <td>July 1</td> <td>Balance b/d</td> <td>43 200 (1 of)</td> </tr> </tbody> </table>	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)			43 200			43 200				July 1	Balance b/d	43 200 (1 of)	<p>(6)</p>
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15 (c)	<p>Award up to 2 marks for comments relative to the accruals concept</p> <p>Award up to 2 marks for comments relative to the consistency concept</p> <p>Award 1 mark for a concluding statement.</p> <p>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).</p> <p>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).</p> <p>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)</p>	(5)

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