

INTERNATIONAL GCSE

Accounting (9-1)

SAMPLE ASSESSMENT MATERIALS

Pearson Edexcel International GCSE in Accounting (4AC1)

For first teaching September 2017

First examination June 2019



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Edexcel, BTEC and LCCI qualifications

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Acknowledgements

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Introduction

The Pearson Edexcel International GCSE (9-1) in Accounting is designed for use in schools and colleges. It is part of a suite of International GCSE qualifications offered by Pearson.

These sample assessment materials have been developed to support this qualification and will be used as the benchmark to develop the assessment students will take.

General marking guidance

- All candidates must receive the same treatment. Examiners must mark the last candidate in exactly the same way as they mark the first.
- Mark schemes should be applied positively. Candidates must be rewarded for what they have shown they can do rather than be penalised for omissions.
- Examiners should mark according to the mark scheme – not according to their perception of where the grade boundaries may lie.
- 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/indicative content will not be exhaustive.
- When examiners are in doubt regarding the application of the mark scheme to a candidate's response, a senior examiner must be consulted before a mark is given.
- Crossed-out work should be marked unless the candidate has replaced it with an alternative response.
- Candidates' responses need to provide evidence that meets the whole of the level, and preceding levels in a levels based mark scheme, before being considered against a higher level.

Write your name here

Surname

Other names

**Pearson Edexcel
International GCSE**

Centre Number

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Candidate Number

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Accounting

Level 1/2

**Paper 1: Introduction to Bookkeeping
and Accounting**

Sample assessment material for first teaching
September 2017
Time: 2 hours

Paper Reference

4AC1/01

You do not need any other materials.

Total Marks

Instructions

- Use **black** ink or ball-point pen.
- **Fill in the boxes** at the top of this page with your name, centre number and candidate number.
- Answer **all** questions.
- Answer the questions in the spaces provided
– *there may be more space than you need.*
- Calculators may be used.

Information

- The total mark for this paper is 100.
- The marks for **each** question are shown in brackets
– *use this as a guide as to how much time to spend on each question.*

Advice

- Read each question carefully before you start to answer it.
- Try to answer every question.
- Check your answers if you have time at the end.

Turn over ►

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1/1



S 5 5 1 8 5 A 0 1 1 9


Pearson

SECTION A

Answer ALL questions in this section. Write your answers in the spaces provided.

Questions 1-10 must be answered with a cross in the box ☒. If you change your mind about an answer, put a line through the box ☒ and then mark your new answer with a cross ☒.

1 Which statement is **incorrect**

- ☐ A assets = liabilities + capital
- ☐ B capital = assets – liabilities
- ☐ C capital – liabilities = assets
- ☐ D liabilities = assets – capital

(Total for Question 1 = 1 mark)

2 Which of the following accounts always has a credit balance?

- ☐ A capital
- ☐ B cash
- ☐ C drawings
- ☐ D premises

(Total for Question 2 = 1 mark)

3 In which situation would a cash discount be given?

- ☐ A payment is made by cash only
- ☐ B payment is made by cash or cheque
- ☐ C payment is made within a previously agreed time period
- ☐ D purchases are made for cash, not on credit

(Total for Question 3 = 1 mark)

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

- 4 A trader operates petty cash on the imprest system with a float of \$200. During the month, the petty cashier spends \$143.28.

How much cash should the petty cashier receive at the end of the month in order to restore the imprest?

- ☐ A \$56.72
- ☐ B \$143.28
- ☐ C \$200
- ☐ D \$343.28

(Total for Question 4 = 1 mark)

- 5 The totals of the discount columns in a trader's cash book were \$700 debit and \$200 credit.

What entry will the trader make in the discount received account?

- ☐ A \$200 credit
- ☐ B \$700 credit
- ☐ C \$200 debit
- ☐ D \$700 credit

(Total for Question 5 = 1 mark)

- 6 Which is an intangible non-current asset?

- ☐ A bank loan
- ☐ B debtors
- ☐ C goodwill
- ☐ D premises

(Total for Question 6 = 1 mark)

- 7 Working capital is the surplus of which of the following?

- ☐ A all assets over all liabilities
- ☐ B current assets over all liabilities
- ☐ C current assets over current liabilities
- ☐ D all assets over current liabilities

(Total for Question 7 = 1 mark)

8 An opening credit balance of \$550 in a cash book would mean which of the following?

- ☐ **A** the firm is overdrawn at the bank by \$550
- ☐ **B** the owner's capital is \$550
- ☐ **C** the firm's cash balance is \$550
- ☐ **D** the firm has \$550 in the bank

(Total for Question 8 = 1 mark)

9 Which of the following transactions affects a business's profit?

- ☐ **A** sale of a non-current asset at carrying value
- ☐ **B** settlement of a business debt with discount
- ☐ **C** settlement of a business debt in full
- ☐ **D** transfer of cash to the bank account

(Total for Question 9 = 1 mark)

10 In the absence of a partnership agreement, which of the following applies to all partners?

- ☐ **A** they are charged interest on drawings
- ☐ **B** they receive interest on capital
- ☐ **C** they receive a salary
- ☐ **D** they share profits and losses equally

(Total for Question 10 = 1 mark)

11 (a) Complete the document.

(4)

New Fashions Clothing 33 Eton Square London		
McQueens Clothing 22 Scott Terrace London W2 24 July 2017		
Description	Unit price (£)	Total (£)
10 black coats	65	
5 blue coats	75	
Trade discount 20%		
Total		
Goods damaged in transit		

(b) State the name of this document.

(1)

(Total for Question 11 = 5 marks)

12 Complete the following table to show the book of original entry for each transaction.

Transaction	Book of original entry
Purchase of goods on credit	
Purchase of a non-current asset on credit	
Purchase of a postage stamp	
Purchase of goods paying by cash	
Return of goods previously purchased on credit	

(Total for Question 12 = 5 marks)

13 Aish sells goods on credit and allows all his customers a trade discount of 25%.

On 1 May 2017 Alya, a credit customer, owed Aish €249. During the month of May 2017 the following transactions took place between Aish and Alya.

2017	Transaction
2 May	Sold goods on credit to Alya, list price €240
15 May	Alya returned goods, list price €48
21 May	Alya paid the balance owing on her account at 1 May 2017

Prepare the account of Alya for the month of May 2017.

Balance the account on 31 May 2017 and bring the balance down on 1 June 2017.

Alya Account

Date	Details	€	Date	Details	€

(Total for Question 13 = 5 marks)

TOTAL FOR SECTION A = 25 MARKS

DO NOT WRITE IN THIS AREA

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SECTION B

Answer ALL questions in this section. Write your answers in the spaces provided.

14 On 1 July 2016 Amar's ledger showed the following balances:

Trade receivables ledger control account \$24 199

Trade payables ledger control account \$15 397

On 30 June 2017 he provided the following information for the year.

	\$
Cash sales	7 299
Credit sales	562 197
Credit purchases	320 911
Returns from credit customers	21 99
Returns to credit suppliers	1 822
Receipts from credit customers	421 983
Payments to credit suppliers	282 389
Discounts allowed	18 900
Discounts received	13 921
Irrecoverable debts written off	2 391
Credit balance in payables ledger transferred to receivables ledger	432

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

Prepare the trade receivables ledger control account and trade payables ledger control account for the year ended 30 June 2017. Balance the accounts at that date and bring down the balances on 1 July 2017.

Trade Receivables Ledger Control Account

Date	Details	\$	Date	Details	\$

Trade Payables Ledger Control Account

Date	Details	\$	Date	Details	\$

(Total for Question 14 = 15 marks)

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DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

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15 At the end of each month, Razha prepares a bank reconciliation statement.

(a) Describe **two** reasons why it is necessary to do this.

(4)

1

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2

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.....

(b) State **two** items that may appear in a bank statement but which will not appear in the cash book until after the bank statement has been received.

(2)

1

2

Razha's cash book for the month of September 2017 showed the following entries.

Cash Book
(bank columns only)

Date	Details	Amount Taka	Date	Details	Amount Taka
1 Sept	Balance b/f	650	2 Sept	Ch 2346 Smith	145
3 Sept	Cash banked	1 200	5 Sept	Ch 2347 Walter	688
24 Sept	Cash banked	2 181	18 Sept	Ch 2348 Mang and Tong	365
30 Sept	Cash banked	2 237	25 Sept	Ch 2349 World Telecom	591
			29 Sept	Ch 2350 Livingstone Ltd	875
			30 Sept	Balance c/d	3 604
		<u>6 268</u>			<u>6 268</u>
1 Oct	Balance b/d	3 604			

On 1 October 2017 Razha received the following bank statement for September 2017.

Razha
Bank Statement

Date	Transaction	Receipts	Payments	Balance
		Taka	Taka	Taka
1 Sept	Balance b/f			860 Cr
2 Sept	Cheque 2345		210	650 Cr
3 Sept	Bank Giro Credit	1 200		1 850 Cr
10 Sept	Cheque 2346		145	1 705 Cr
15 Sept	Cheque 2347		688	1 017 Cr
24 Sept	Bank Giro Credit	2 181		3 198 Cr
29 Sept	Cheque 2348		365	2 833 Cr

(c) Prepare a bank reconciliation statement at 30 September 2017.

(7)

Razha
Bank Reconciliation Statement
at 30 September 2017

(d) On 30 September 2017 Razha prepared a statement of financial position.

(i) State the amount that should be shown for cash at bank.

(1)

(ii) State where this amount would be shown in the statement of financial position.

(1)

(Total for Question 15 = 15 marks)

16 (a) Explain the difference between capital expenditure and revenue expenditure.

(6)

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(b) Complete the following table, indicating with a tick (✓) whether the transaction represents capital expenditure, revenue expenditure or neither.

(3)

Transaction	Capital expenditure	Revenue expenditure	Neither
Installation costs of new machinery			
Repairs to machinery			
Receipt of bank loan to pay for machinery			

- (c) Assess the effect on a business of the incorrect treatment of capital expenditure and revenue expenditure.

(6)

(Total for Question 16 = 15 marks)

17 Arianna maintains a full set of accounting records and extracts a trial balance at the end of each month.

(a) State **two** purposes of a trial balance.

(2)

- 1
- 2

(b) Identify **three** types of error that are **not** identified by a trial balance.

(3)

- 1
- 2
- 3

(c) State **two** errors that could cause a trial balance not to balance.

(2)

- 1
- 2

Arianna is considering investing in a computerised accounting system to help with her business.

(d) Explain **two** advantages and **two** disadvantages for Arianna of this proposal. (8)

Advantages

1

2

Disadvantages

1

2

(Total for Question 17 = 15 marks)

- 18** (a) Complete the following table to show **four** groups of stakeholders and the interests they would have in the financial statements of a business.

(8)

Stakeholder	Interest

- (b) State which accounting concept is being applied in **each** of the following situations:

- (i) A trader included sales to a credit customer of £730 on 28 December 2016 in the accounts for the year ended 31 December 2016, which were paid for on 15 January 2017.

(1)

- (ii) A trader always uses the same method of depreciation for his non-current assets.

(1)

- (iii) A trader records the cost of using his own workforce to build an extension to his house as drawings.

(1)

(c) State **four** of the fundamental principles of professional ethics.

(4)

- 1
- 2
- 3
- 4

(Total for Question 18 = 15 marks)

TOTAL FOR SECTION B = 75 MARKS

TOTAL FOR PAPER = 100 MARKS

Mark scheme

Sample assessment materials
for first teaching September 2017

International GCSE in Accounting
(4AC1/02)

Paper 1: Introduction to
Bookkeeping and Accounting

SECTION A

Question	Answer	Mark
1	C	(1)
2	A	(1)
3	C	(1)
4	B	(1)
5	A	(1)
6	C	(1)
7	C	(1)
8	A	(1)
9	B	(1)
10	D	(1)

Question	Answer	Mark																		
11	<p>Award 1 mark for each correct label and figure as indicated.</p> <div style="border: 1px solid black; padding: 10px; margin: 10px auto; width: 80%;"> <p style="text-align: center;">Credit (1) Note New Fashions Clothing 33 Eton Square London</p> <p>McQueens Clothing 22 Scott Terrace London, W2 24 July 2017</p> <table> <tr> <th>Description</th><th>Unit price (£)</th><th>Total (£)</th></tr> <tr> <td>10 black coats</td><td style="text-align: right;">65</td><td style="text-align: right;">650 (1)</td></tr> <tr> <td>10 blue coats</td><td style="text-align: right;">75</td><td style="text-align: right;">375</td></tr> <tr> <td></td><td></td><td style="text-align: right;">1 025 (1)</td></tr> <tr> <td>Trade discount 20%</td><td></td><td style="text-align: right;">205 (1)</td></tr> <tr> <td>Total</td><td></td><td style="text-align: right;">820 (1)</td></tr> </table> </div>	Description	Unit price (£)	Total (£)	10 black coats	65	650 (1)	10 blue coats	75	375			1 025 (1)	Trade discount 20%		205 (1)	Total		820 (1)	(5)
Description	Unit price (£)	Total (£)																		
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Total		820 (1)																		

Question	Answer	Mark												
12	<p>Award 1 mark for each correct book of original entry.</p> <table><tr><th>Transaction</th><th>Book of original entry</th></tr><tr><td>Purchase of goods on credit</td><td>Purchases day book (1)</td></tr><tr><td>Purchase of a non-current asset on credit</td><td>Journal (1)</td></tr><tr><td>Purchase of a postage stamp</td><td>Petty cash book (1)</td></tr><tr><td>Purchase of goods paying by cash</td><td>Cash book (1)</td></tr><tr><td>Return of goods previously purchased on credit</td><td>Purchases returns book (1)</td></tr></table>	Transaction	Book of original entry	Purchase of goods on credit	Purchases day book (1)	Purchase of a non-current asset on credit	Journal (1)	Purchase of a postage stamp	Petty cash book (1)	Purchase of goods paying by cash	Cash book (1)	Return of goods previously purchased on credit	Purchases returns book (1)	(5)
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Purchase of goods paying by cash	Cash book (1)													
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Question	Answer	Mark																																										
13	<p>Award marks for each correct detail and amount in combination, on the correct side.</p> <table><tr><th colspan="6">Alya Account</th></tr><tr><th>Date</th><th>Details</th><th>£</th><th>Date</th><th>Details</th><th>£</th></tr><tr><td>1 May</td><td>Balance b/f</td><td>249 (1)</td><td>15 May</td><td>Returns</td><td>36 (1)</td></tr><tr><td>2 May</td><td>Sales</td><td>180 (1)</td><td>21 May</td><td>Bank</td><td>249 (1)</td></tr><tr><td></td><td></td><td></td><td>31 May</td><td>Balance c/d</td><td>144</td></tr><tr><td></td><td></td><td>429</td><td></td><td></td><td>429</td></tr><tr><td>1 June</td><td>Bal b/d</td><td>144 (1)</td><td></td><td></td><td></td></tr></table>	Alya Account						Date	Details	£	Date	Details	£	1 May	Balance b/f	249 (1)	15 May	Returns	36 (1)	2 May	Sales	180 (1)	21 May	Bank	249 (1)				31 May	Balance c/d	144			429			429	1 June	Bal b/d	144 (1)				(5)
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SECTION B

Question	Answer	Mark																																																																																																																		
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Question	Answer	Mark
15(a)	<p>Award up to 2 marks for each correct reason.</p> <p>For example To identify any differences between the bank balance shown in the cash book (1) and the balance on the bank statement (1). To aid the identification of errors in either the cash book (1) or made by the bank (1). To assist in the prevention of fraud (1) by confirming that the items on the bank statement matches those in the cash book (1).</p>	(4)

Question	Answer	Mark
15(b)	<p>Award 1 mark for each correctly stated item (maximum 2).</p> <p>For example Bank charges (1) Standing orders (1) Direct debits (1) Dishonoured cheques (1)</p>	(2)

Question	Answer	Mark																								
15(c)	<p>Award 1 mark for each correct amount against the relevant label.</p> <p style="text-align: center;">Razha Bank Reconciliation Statement at 30 September 2017</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th></th><th></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;">3 604 (1)</td></tr> <tr> <td>Unpresented cheques</td><td style="text-align: right;">591 (1)</td><td></td></tr> <tr> <td></td><td style="text-align: right;">875 (1)</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;">5 070</td></tr> <tr> <td>Outstanding lodgements</td><td></td><td style="text-align: right;">2 237 (1)</td></tr> <tr> <td>Balance as per bank statement (1)</td><td></td><td style="text-align: right;">2 833 (1)</td></tr> </tbody> </table>			£	Balance as per cash book (1)		3 604 (1)	Unpresented cheques	591 (1)			875 (1)				1 466			5 070	Outstanding lodgements		2 237 (1)	Balance as per bank statement (1)		2 833 (1)	(7)
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Balance as per bank statement (1)		2 833 (1)																								

Question	Answer	Mark
15(d)(i)	<p>Award marks for correct responses only. £3 604</p>	(1)

Question	Answer	Mark
15(d)(ii)	<p>Award marks for correct responses only. Current assets</p>	(1)

Question	Indicative content		Mark
16(a)	Explain (AO3) <ul style="list-style-type: none"> Revenue expenditure is monies spent on the day-to-day running of a business whereas capital expenditure is monies spent on the purchase of or addition to a non-current asset. The cost of revenue expenditure is written off against profit in the year incurred whereas capital expenditure items are purchased to generate profit for the business and not for resale. Revenue expenditure is used up within one year and appears in the income statement whereas capital expenditure items will last longer than one year and appear on the statement of financial position. <p>The indicative content is not exhaustive; other creditworthy material should be awarded marks as appropriate.</p>		(6)
Level	Mark		
	0	No rewardable material.	
Level 1	1–2	<ul style="list-style-type: none"> Some understanding of the accounting principles demonstrated but explanation has not been developed adequately. 	
Level 2	3–4	<ul style="list-style-type: none"> Good understanding of the accounting principles demonstrated with a developed explanation but with limited evidence to support response. 	
Level 3	5–6	<ul style="list-style-type: none"> Excellent understanding of the accounting principles demonstrated with a well-developed explanation with sufficient evidence to fully support response. 	

Question	Answer				Mark
16(b)	Award 1 mark for each correct item.				
	Transaction	Capital Expenditure	Revenue Expenditure	Neither	
	Installation costs of new machinery	✓ (1)			
	Repairs to machinery		✓ (1)		
	Receipt of bank loan to pay for machinery			✓ (1)	
					(3)

Question	Indicative content		Mark
16(c)	Assess (A03) <ul style="list-style-type: none"> • If a business does not treat capital and revenue expenditure correctly, its final accounts will not be accurate and will not reflect a true and fair view of the business's profits or assets. • If a business included the purchase of a new motor vehicle as an item of expenditure in the income statement their profits would be understated and the asset valuation on the statement of financial position would also be understated. • The incorrect treatment could lead the business to make decisions regarding their development which are inaccurate and could provide stakeholders with a false picture of the business. <p>The indicative content is not exhaustive; other creditworthy material should be awarded marks as appropriate.</p>		(6)
Level	Mark		
	0	No rewardable material.	
Level 1	1–2	<ul style="list-style-type: none"> • Some understanding of the accounting principles demonstrated but explanation has not been developed adequately. 	
Level 2	3–4	<ul style="list-style-type: none"> • Good understanding of the accounting principles demonstrated with a developed explanation but with limited evidence to support response. 	
Level 3	5–6	<ul style="list-style-type: none"> • Excellent understanding of the accounting principles demonstrated with a well-developed explanation with sufficient evidence to fully support response. 	

Question	Answer	Mark
17(a)	Award 1 mark for each correctly stated purpose. For example <ul style="list-style-type: none"> To check the arithmetical accuracy of the ledgers (1). To assist in the preparation of the financial statements (1). To assist in the location of errors (1). 	(2)

Question	Answer	Mark
17(b)	Award 1 mark for each correctly stated type. For example <ul style="list-style-type: none"> Commission (1) Omission (1) Principle (1) Original entry (1) Compensating (1) Complete reversal (1) 	(3)

Question	Answer	Mark
17(c)	Award 1 mark for each correctly stated error. For example <ul style="list-style-type: none"> Omission of the debit or credit entry (1) Addition errors (1) Entering transactions twice on the same side (1) 	(2)

Question	Answer	Mark
17(d)	Award 1 mark for each identification of an advantage, maximum 2, and 1 mark for each development, maximum 2. Award 1 mark for each identification of a disadvantage, maximum 2, and 1 mark for each development, maximum 2. Examples: Advantages Arianna may experience an increase in the processing of transactions (1) as the program will complete the double entry automatically. (1) Arianna may be able to monitor her business's performance more closely (1) as she will be able to produce more routine reports. (1) Disadvantages Arianna may incur additional costs including the cost of the software and hardware (1) and, in addition, Arianna may have to pay to train staff on new technology. (1) There may be technical issues or viruses (1) which could reduce the effectiveness of the business. (1)	(8)

Question	Answer	Mark														
18(a)	<p>Award 1 mark for each correctly identified stakeholder, maximum 4, and 1 mark for a correct interest, maximum 4.</p> <p>For example:</p> <table><tr><th>Stakeholder</th><th>Interest</th></tr><tr><td>Employees (1)</td><td>To check the possibility of receiving a pay rise/ensuring job security (1)</td></tr><tr><td>Customers (1)</td><td>To check on security of supply (1)</td></tr><tr><td>Suppliers (1)</td><td>To ensure that payment will be made (1)</td></tr><tr><td>Government (1)</td><td>To monitor profit for tax purposes (1)</td></tr><tr><td>Investors (1)</td><td>To check the security of their investment (1)</td></tr><tr><td>Providers of external finance (1)</td><td>To ensure that repayments will be made (1)</td></tr></table>	Stakeholder	Interest	Employees (1)	To check the possibility of receiving a pay rise/ensuring job security (1)	Customers (1)	To check on security of supply (1)	Suppliers (1)	To ensure that payment will be made (1)	Government (1)	To monitor profit for tax purposes (1)	Investors (1)	To check the security of their investment (1)	Providers of external finance (1)	To ensure that repayments will be made (1)	
Stakeholder	Interest															
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Investors (1)	To check the security of their investment (1)															
Providers of external finance (1)	To ensure that repayments will be made (1)															

(8)

Question	Answer	Mark
18(b)	Award 1 mark for each correctly identified concept.	
	Situation	Concept
	A trader included sales to a credit customer of £730 on 28 December 2016 in the accounts for the year ended 31 December 2016, which were paid for on 15 January 2017.	Accruals (1)
	A trader always uses the same method of depreciation for his non-current assets.	Consistency (1)
	A trader records the cost of using his own workforce to build an extension to his house as drawings.	Business entity (1)
		(3)

Question	Answer	Mark
18(c)	<p>Award 1 mark for each correctly identified principle.</p> <p>For example</p> <ul style="list-style-type: none"> Professional behaviour (1) Professional/technical competence and due care (1) Confidentiality (1) Integrity (1) Objectivity (1) 	(4)

Write your name here

Surname

Other names

**Pearson Edexcel
International GCSE**

Centre Number

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Candidate Number

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Accounting

Level 1/2

Paper 2: Financial Statements

Sample assessment material for first teaching
September 2017

Time: 1 hour 15 minutes

Paper Reference

4AC1/02

You do not need any other materials.

Total Marks

Instructions

- Use **black** ink or ball-point pen.
- **Fill in the boxes** at the top of this page with your name, centre number and candidate number.
- Answer **all** questions.
- Answer the questions in the spaces provided
– *there may be more space than you need.*
- Calculators may be used.

Information

- The total mark for this paper is 50.
- The marks for **each** question are shown in brackets
– *use this as a guide as to how much time to spend on each question.*

Advice

- Read each question carefully before you start to answer it.
- Try to answer every question.
- Check your answers if you have time at the end.

Turn over ►

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Answer ALL questions. Write your answers in the spaces provided.

- 1** (a) (i) State two accounting concepts used in the depreciation of non-current assets.

(2)

1

2

- (ii) State **two** reasons why non-current assets depreciate.

(2)

1

2

- (iii) Identify which accounts are used when an equipment is disposed by completing the following account. The first one has been completed for you.

(3)

Asset Disposal Account

Date	Details	€	Date	Details	€
	<i>Equipment</i>				

Brian Jack and Terry are in partnership, trading as Pullman LLP.

The partners provided the following balances for the year ended 31 July 2016.

	€
Cash at bank	12 150
Cash in hand	2 650
Capital accounts at 31 July 2016:	
• Brian	80 000
• Jack	60 000
• Terry	70 000
Current accounts at 31 July 2016:	
• Brian	8 000
• Jack	7 200
• Terry	8 000 Dr
Equipment	
• Cost	30 000
• Accumulated depreciation	10 800
Fixtures and fittings	
• Cost	157 800
• Accumulated depreciation	41 560
Inventory at 31 July 2016	43 090
Other payables	2 226
Trade Payables ledger control account	35 900
Provision for irrecoverable debts	1 300
Trade Receivables ledger control account	63 96

(b) Prepare the statement of financial position at 31 July 2016.

(10)

Pullman LLP
Statement of financial position at 31 July 2016

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Area for writing the statement of financial position, consisting of multiple horizontal lines.

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(2)

Irrecoverable Debts Account

Date	Details	€	Date	Details	€

(6)

[illegible]

(Total for Question 1 = 25 marks)

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2 On 1 May 2015 Sita started trading as Sita's Fabric Services. On that day she invested HKD 4 500 in the business represented by:

- vehicle HKD 2 500
- fabric purchase HKD 1 900
- cash at bank HKD 100

On 30 April 2016 Sita provided the following information.

- Bank transactions
 - On 15 August 2015 she purchased machinery for HKD 6 000. She anticipates that it will have a scrap value of HKD 1 000 in four years. A full year's depreciation is charged in the year of acquisition.
 - On 30 November 2015 a payment of HKD 3 400 was made for insurance for the 12 months to 31 October 2016.
 - During the year:
 - General expenses: HKD 11 500
 - Vehicle expenses: HKD 1 750
 - Rent: HKD 150 per month
 - Received from credit customers: HKD 47 450
 - Paid to credit suppliers: HKD 18 500
- 30 April 2016
 - Trade receivables HKD 4 500
 - Trade payables HKD 3 250
 - Inventory HKD 2 250
- Sita is in a dispute with a customer and has agreed to issue a credit note for HKD 1 200 for faulty goods that were supplied in March 2016.

(a) Calculate Sita's:

(i) sales for the year.

(2)

(ii) purchases for the year.

(2)

(iii) Prepare an income statement for the year ended 30 April 2016.

(9)

Sita’s Fabric Services
Income statement for the year ended 30 April 2016

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(b) Calculate Sita's:

(i) gross profit percentage.

(3)

(ii) profit for the year as a percentage of revenue.

(3)

(c) Evaluate the profitability for the first year of trading.

(6)

(Total for Question 2 = 25 marks)

TOTAL FOR PAPER = 50 MARKS

Mark scheme

Sample assessment materials
for first teaching September 2017

International GCSE in Accounting
(4AC1/02)

Paper 2: Financial Statements

Question	Answer	Mark
1(a)(i)	Award 1 mark for each correct concept, maximum 2 marks. For example: <ul style="list-style-type: none"> • Accruals (1) • Consistency (1) • Prudence (1) 	(2)

Question	Answer	Mark
1(a)(ii)	Award 1 mark for each correct reason, maximum 2 marks. For example: <ul style="list-style-type: none"> • Wear and tear (1) • Obsolescence (1) • Depletion (1) 	(2)

Question	Answer	Mark																				
1(a)(iii)	Award 1 mark for each correct label, maximum 3 marks.	(3)																				
	<table><tr><th>Details</th><th>£</th><th>Details</th><th>£</th></tr><tr><td>Equipment</td><td></td><td>Accumulated depreciation (1)</td><td></td></tr><tr><td></td><td></td><td>Bank (1)</td><td></td></tr><tr><td></td><td></td><td>Income statement (1)</td><td></td></tr><tr><td></td><td></td><td></td><td></td></tr></table>		Details	£	Details	£	Equipment		Accumulated depreciation (1)				Bank (1)				Income statement (1)					
	Details		£	Details	£																	
	Equipment			Accumulated depreciation (1)																		
				Bank (1)																		
				Income statement (1)																		

Question	Answer	Mark																																																																													
1(b)	<p>Award marks as shown.</p> <p style="text-align: center;">Pullman LLP Statement of financial position at 31 July 2016</p> <table> <tr> <th>Assets</th><th>£</th><th></th></tr> <tr> <td>Non-current assets</td><td></td><td></td></tr> <tr> <td>Fixtures and fittings</td><td>116 240</td><td>(1)</td></tr> <tr> <td>Equipment</td><td><u>19 200</u></td><td>(1)</td></tr> <tr> <td></td><td>135 440</td><td></td></tr> <tr> <td>Current assets</td><td></td><td></td></tr> <tr> <td>Inventory</td><td>43 090</td><td></td></tr> <tr> <td>Receivables</td><td>61 996</td><td>(1)</td></tr> <tr> <td>Cash and cash equivalents</td><td><u>14 800</u></td><td></td></tr> <tr> <td></td><td>119 886</td><td>(1)</td></tr> <tr> <td>Total assets</td><td>255 326</td><td>(1)</td></tr> <tr> <td>Equity and liabilities</td><td></td><td></td></tr> <tr> <td>Equity</td><td></td><td></td></tr> <tr> <td>Capital accounts:</td><td></td><td></td></tr> <tr> <td>Brian</td><td>80 000</td><td rowspan="3">} (1)</td></tr> <tr> <td>Jack</td><td>60 000</td></tr> <tr> <td>Terry</td><td>70 000</td></tr> <tr> <td>Current accounts:</td><td></td><td></td></tr> <tr> <td>Brian</td><td>8 000</td><td rowspan="3">} (1)</td></tr> <tr> <td>Jack</td><td>7 200</td></tr> <tr> <td>Terry</td><td>(8 000)</td></tr> <tr> <td>Total equity</td><td>217 200</td><td>(1)</td></tr> <tr> <td>Current liabilities</td><td></td><td></td></tr> <tr> <td>Trade payables</td><td>35 900</td><td></td></tr> <tr> <td>Other payables</td><td>2 226</td><td></td></tr> <tr> <td></td><td>3 826</td><td>(1)</td></tr> <tr> <td>Total equity and liabilities</td><td>255 326</td><td>(1)</td></tr> </table>	Assets	£		Non-current assets			Fixtures and fittings	116 240	(1)	Equipment	<u>19 200</u>	(1)		135 440		Current assets			Inventory	43 090		Receivables	61 996	(1)	Cash and cash equivalents	<u>14 800</u>			119 886	(1)	Total assets	255 326	(1)	Equity and liabilities			Equity			Capital accounts:			Brian	80 000	} (1)	Jack	60 000	Terry	70 000	Current accounts:			Brian	8 000	} (1)	Jack	7 200	Terry	(8 000)	Total equity	217 200	(1)	Current liabilities			Trade payables	35 900		Other payables	2 226			3 826	(1)	Total equity and liabilities	255 326	(1)	(10)
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Question	Answer						Mark
1(c)	Award 1 mark for each correct entry, maximum 2 marks.						(2)
	Date	Details	£	Date	Details	£	
	1 Aug 2016	Trade receivables	2 000 (1)	31 Jul 2017	Income statement (1)	2 000 (1)	

Question	Indicative content		Mark
1(d)	Explain (AO3) <ul style="list-style-type: none"> The partnership would have limited liability which would mean that each partner was liable only for the debts of the business up to the amount of their investment. The formation of a partnership means that Brian Jack and Terry will share the profits, liabilities and decision making. This will allow the business access to a wider range of funding options as the more partners there are the more capital which will be invested. The formation of a partnership means that all three partners are able to bring their own expertise and skill to the day to day management of the business and provide cover for absent colleagues as necessary. 		(6)
Level	Mark		
	0	No rewardable material.	
Level 1	1–2	<ul style="list-style-type: none"> Some understanding of the accounting principles demonstrated but explanation has not been developed adequately. 	
Level 2	3–4	<ul style="list-style-type: none"> Good understanding of the accounting principles demonstrated with a developed explanation but with limited evidence to support response. 	
Level 3	5–6	<ul style="list-style-type: none"> Excellent understanding of the accounting principles demonstrated with a well-developed explanation with sufficient evidence to fully support response. 	

Question	Answer	Mark
2(a)(i)	Award marks as shown. = 47 500 (1) + 4 500 = 52 000 (1)	(2)

Question	Answer	Mark
2(a)(ii)	Award marks as shown. = 18 500 + 1 900 + 3 250 (1) = 23 650 (1 of)	(2)

Question	Answer	Mark																																														
2(a)(iii)	<p>Award marks as shown.</p> <p style="text-align: center;">Sita's Fabric Services Income statement for the year ended 30 April 2016</p> <table><tr><td></td><td>£</td><td>£</td></tr><tr><td>Revenue</td><td></td><td>52 000 (1 of)</td></tr><tr><td>Returns inwards</td><td></td><td><u>1 200</u></td></tr><tr><td></td><td></td><td>50 800 (1 of)</td></tr><tr><td>Purchases</td><td>23 650 (1 of)</td><td></td></tr><tr><td>Closing inventory</td><td><u>(2 250)</u></td><td></td></tr><tr><td>Cost of sales</td><td></td><td><u>21 400</u> (1 of)</td></tr><tr><td>Gross profit</td><td></td><td>29 400 (1 of)</td></tr><tr><td>Running expenses</td><td></td><td></td></tr><tr><td>General expenses</td><td>11 500</td><td rowspan="3">} (1)</td></tr><tr><td>Vehicle expenses</td><td>1 750</td></tr><tr><td>Rent</td><td>1 800</td></tr><tr><td>Insurance</td><td>1 700 (1)</td><td></td></tr><tr><td>Depreciation</td><td><u>1 250</u> (1)</td><td></td></tr><tr><td></td><td></td><td><u>18 000</u></td></tr><tr><td>Profit for the year</td><td></td><td>11 400 (1 of)</td></tr></table>		£	£	Revenue		52 000 (1 of)	Returns inwards		<u>1 200</u>			50 800 (1 of)	Purchases	23 650 (1 of)		Closing inventory	<u>(2 250)</u>		Cost of sales		<u>21 400</u> (1 of)	Gross profit		29 400 (1 of)	Running expenses			General expenses	11 500	} (1)	Vehicle expenses	1 750	Rent	1 800	Insurance	1 700 (1)		Depreciation	<u>1 250</u> (1)				<u>18 000</u>	Profit for the year		11 400 (1 of)	(9)
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Question	Answer	Mark
2(b)(i)	<p>Award marks as shown.</p> <p>= 29 400 (1) / 50 800 (1 of)</p> <p>= 57.87% (1 of)</p>	(3)

Question	Answer	Mark
2(b)(ii)	<p>Award marks as shown.</p> <p>= 11 400 (1) / 50 800 (1 of)</p> <p>= 22.44% (1 of)</p>	(3)

Question	Indicative content		Mark
2(c)	Explain (AO3) <ul style="list-style-type: none"> During the first year of trading Sita has generated a good level of profitability as her gross profit margin and profit for the year as a percentage of revenue both indicate that the business is being managed efficiently. The gross profit percentage indicates that Sita's business is generating a good return on the cost of her goods. To increase this percentage, Sita could consider raising her selling price without a subsequent increase in the cost price. The profit for the year as a percentage of revenue indicates that Sita is able to control her overheads while earning a good return on her investment. In order to ensure that the profitability of the business is maintained or improved, Sita should continually monitor her income and expenditure and take appropriate steps to ensure that her profitability is comparable to other similar businesses. The indicative content is not exhaustive; other creditworthy material should be awarded marks as appropriate. 		(6)
Level	Mark		
	0	No rewardable material.	
Level 1	1–2	<ul style="list-style-type: none"> Some understanding of the accounting principles demonstrated but explanation has not been developed adequately. 	
Level 2	3–4	<ul style="list-style-type: none"> Good understanding of the accounting principles demonstrated with a developed explanation but with limited evidence to support response. 	
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Mark scheme

Sample assessment materials
for first teaching September 2017

International GCSE in Accounting
(4AC1/02)

Paper 2: Financial Statements

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