



Mark Scheme (Results)

Summer 2019

Pearson Edexcel International GCSE

In Accounting (4AC1)

Paper 01R Introduction to Bookkeeping and
Accounting

Edexcel and BTEC Qualifications

Edexcel and BTEC qualifications are awarded by Pearson, the UK's largest awarding body. We provide a wide range of qualifications including academic, vocational, occupational and

specific programmes for employers. For further information visit our qualifications websites at www.edexcel.com or www.btec.co.uk. Alternatively, you can get in touch with us using the details on our contact us page at www.edexcel.com/contactus.

Pearson: helping people progress, everywhere

Pearson aspires to be the world's leading learning company. Our aim is to help everyone progress in their lives through education. We believe in every kind of learning, for all kinds of people, wherever they are in the world. We've been involved in education for over 150 years, and by working across 70 countries, in 100 languages, we have built an international reputation for our commitment to high standards and raising achievement through innovation in education. Find out more about how we can help you and your students at: www.pearson.com/uk

Summer 2019

Publications Code 4AC1_01R_msc_20190822*

All the material in this publication is copyright

© Pearson Education Ltd 2019

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
	Award 1 mark as indicated each question.	
1	C Account to be debited Account to be credited Purchases Cash	(1)
2	A Credit purchases	(1)
3	B Journal	(1)
4	B Purchases return book	(1)
5	D To spread the cost of the asset over its useful life	(1)
6	B \$7 200	(1)
7	B Credit discount received account	(1)
8	D Current	(1)
9	D Account to be debited Account to be credited Income statement Current	(1)
10	B \$160	(1)

TOTAL FOR QUESTIONS 1-10 = 10 MARKS

Question number	Answer	Mark
11	<p>Award 1 mark for each correct figure as indicated.</p> <p>(i) Credit (1) (ii) 1 800 (1) (iii) 1 800 (1of) (iv) 360 (1of) (v) 1 440 (1of)</p>	(5)

TOTAL FOR QUESTION 11 = 5 MARKS

Question number	Answer	Mark																																				
12	<p>Award 1 mark for correct date, details and amounts in combination.</p> <p style="text-align: center;">Shazia Account</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th>Date 2019</th> <th>Details</th> <th>\$</th> <th>Date 2019</th> <th>Details</th> <th>\$</th> </tr> </thead> <tbody> <tr> <td>1 April</td> <td>Balance b/d</td> <td>240(1)</td> <td>23 April</td> <td>Sales returns (day book)</td> <td>72(1)</td> </tr> <tr> <td>12 April</td> <td>Sales (day book)</td> <td>486(1)</td> <td>29 April</td> <td>Cash book /Bank</td> <td>240(1)</td> </tr> <tr> <td></td> <td></td> <td></td> <td>30 April</td> <td>Balance c/d</td> <td>414</td> </tr> <tr> <td></td> <td></td> <td><u>726</u></td> <td></td> <td></td> <td><u>726</u></td> </tr> <tr> <td>1 May</td> <td>Balance b/d</td> <td>414(1of)</td> <td></td> <td></td> <td></td> </tr> </tbody> </table>	Date 2019	Details	\$	Date 2019	Details	\$	1 April	Balance b/d	240 (1)	23 April	Sales returns (day book)	72 (1)	12 April	Sales (day book)	486 (1)	29 April	Cash book /Bank	240 (1)				30 April	Balance c/d	414			<u>726</u>			<u>726</u>	1 May	Balance b/d	414 (1of)				(5)
Date 2019	Details	\$	Date 2019	Details	\$																																	
1 April	Balance b/d	240 (1)	23 April	Sales returns (day book)	72 (1)																																	
12 April	Sales (day book)	486 (1)	29 April	Cash book /Bank	240 (1)																																	
			30 April	Balance c/d	414																																	
		<u>726</u>			<u>726</u>																																	
1 May	Balance b/d	414 (1of)																																				

TOTAL FOR QUESTION 12 = 5 MARKS

Question number	Answer	Mark																								
13	<p>Award 1 mark for correct amount.</p> <p>Award 1 mark for all correct dates and details</p> <p style="text-align: center;">Disposal Account</p> <table border="1" data-bbox="288 450 1390 801"> <thead> <tr> <th data-bbox="288 450 419 499">Date</th> <th data-bbox="419 450 699 499">Details</th> <th data-bbox="699 450 826 499">\$</th> <th data-bbox="826 450 975 499">Date</th> <th data-bbox="975 450 1254 499">Details</th> <th data-bbox="1254 450 1390 499">\$</th> </tr> </thead> <tbody> <tr> <td data-bbox="288 499 419 674">2019 31 Mar</td> <td data-bbox="419 499 699 674">Machinery</td> <td data-bbox="699 499 826 674">24 000 (1)</td> <td data-bbox="826 499 975 674">2019 31 Mar</td> <td data-bbox="975 499 1254 674">Provision for depreciation</td> <td data-bbox="1254 499 1390 674">8 640 (2/1of)</td> </tr> <tr> <td data-bbox="288 674 419 757"></td> <td data-bbox="419 674 699 757">Income statement</td> <td data-bbox="699 674 826 757">640 (1of)</td> <td data-bbox="826 674 975 757"></td> <td data-bbox="975 674 1254 757">Cash Book/Bank</td> <td data-bbox="1254 674 1390 757">16 000</td> </tr> <tr> <td data-bbox="288 757 419 801"></td> <td data-bbox="419 757 699 801"></td> <td data-bbox="699 757 826 801"><u>24 640</u></td> <td data-bbox="826 757 975 801"></td> <td data-bbox="975 757 1254 801"></td> <td data-bbox="1254 757 1390 801"><u>24 640</u></td> </tr> </tbody> </table>	Date	Details	\$	Date	Details	\$	2019 31 Mar	Machinery	24 000 (1)	2019 31 Mar	Provision for depreciation	8 640 (2/1of)		Income statement	640 (1of)		Cash Book/Bank	16 000			<u>24 640</u>			<u>24 640</u>	(5)
Date	Details	\$	Date	Details	\$																					
2019 31 Mar	Machinery	24 000 (1)	2019 31 Mar	Provision for depreciation	8 640 (2/1of)																					
	Income statement	640 (1of)		Cash Book/Bank	16 000																					
		<u>24 640</u>			<u>24 640</u>																					

TOTAL FOR QUESTION 13 = 5 MARKS

TOTAL MARKS FOR SECTION A = 25 MARKS

SECTION B

Question number	Answer	Mark																																				
14(a)	<p>Award marks for correct date, details and amounts in combination.</p> <p style="text-align: center;">Cash Book (bank column)</p> <table border="1" style="width: 100%; border-collapse: collapse; margin: 10px auto;"> <thead> <tr> <th style="width: 15%;">Date 2019</th> <th style="width: 30%;">Details</th> <th style="width: 10%;">\$</th> <th style="width: 15%;">Date 2019</th> <th style="width: 30%;">Details</th> <th style="width: 10%;">\$</th> </tr> </thead> <tbody> <tr> <td>30 April</td> <td>(Credit transfer) - Kamil</td> <td style="text-align: right;">820 (1)</td> <td>30 April</td> <td>Balance b/d</td> <td style="text-align: right;">1 358 (1)</td> </tr> <tr> <td></td> <td>Balance c/d</td> <td style="text-align: right;">735</td> <td></td> <td>Bank charges</td> <td style="text-align: right;">32 (1)</td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td>(Direct debit) - Insurance</td> <td style="text-align: right;">165 (1)</td> </tr> <tr> <td></td> <td></td> <td style="text-align: right;"><u>1</u> <u>555</u></td> <td></td> <td></td> <td style="text-align: right;"><u>1 555</u></td> </tr> <tr> <td></td> <td></td> <td></td> <td>1 May</td> <td>Balance b/d</td> <td style="text-align: right;">735 (1of)</td> </tr> </tbody> </table>	Date 2019	Details	\$	Date 2019	Details	\$	30 April	(Credit transfer) - Kamil	820 (1)	30 April	Balance b/d	1 358 (1)		Balance c/d	735		Bank charges	32 (1)					(Direct debit) - Insurance	165 (1)			<u>1</u> <u>555</u>			<u>1 555</u>				1 May	Balance b/d	735 (1of)	(5)
Date 2019	Details	\$	Date 2019	Details	\$																																	
30 April	(Credit transfer) - Kamil	820 (1)	30 April	Balance b/d	1 358 (1)																																	
	Balance c/d	735		Bank charges	32 (1)																																	
				(Direct debit) - Insurance	165 (1)																																	
		<u>1</u> <u>555</u>			<u>1 555</u>																																	
			1 May	Balance b/d	735 (1of)																																	

Question number	Answer	Mark																														
14(b)	<p>Award marks as indicated.</p> <p style="text-align: center;">Sanit</p> <p style="text-align: center;">Bank Reconciliation statement at 30 April 2019</p> <table border="1" style="width: 100%; border-collapse: collapse; margin: 10px auto;"> <thead> <tr> <th style="width: 70%;"></th> <th style="width: 10%;">\$</th> <th style="width: 20%;"></th> </tr> </thead> <tbody> <tr> <td>Balance per cash book (1)</td> <td style="text-align: right;">(735)</td> <td style="text-align: right;">(1of)</td> </tr> <tr> <td>Unpresented cheques</td> <td style="text-align: right;">315</td> <td style="text-align: right;">(1)</td> </tr> <tr> <td>Uncredited bankings</td> <td style="text-align: right;">(180)</td> <td style="text-align: right;">(1)</td> </tr> <tr> <td>Balance per bank statement (1)</td> <td style="text-align: right;">(600)</td> <td style="text-align: right;">(1)</td> </tr> </tbody> </table> <p style="margin-top: 10px;">Alternative presentation</p> <table border="1" style="width: 100%; border-collapse: collapse; margin: 10px auto;"> <thead> <tr> <th style="width: 70%;"></th> <th style="width: 10%;">\$</th> <th style="width: 20%;"></th> </tr> </thead> <tbody> <tr> <td>Balance per bank statement (1)</td> <td style="text-align: right;">(600)</td> <td style="text-align: right;">(1)</td> </tr> <tr> <td>Unpresented cheques</td> <td style="text-align: right;">(315)</td> <td style="text-align: right;">(1)</td> </tr> <tr> <td>Uncredited bankings</td> <td style="text-align: right;">180</td> <td style="text-align: right;">(1)</td> </tr> <tr> <td>Balance per cash book (1)</td> <td style="text-align: right;">(735)</td> <td style="text-align: right;">(1of)</td> </tr> </tbody> </table>		\$		Balance per cash book (1)	(735)	(1of)	Unpresented cheques	315	(1)	Uncredited bankings	(180)	(1)	Balance per bank statement (1)	(600)	(1)		\$		Balance per bank statement (1)	(600)	(1)	Unpresented cheques	(315)	(1)	Uncredited bankings	180	(1)	Balance per cash book (1)	(735)	(1of)	(6)
	\$																															
Balance per cash book (1)	(735)	(1of)																														
Unpresented cheques	315	(1)																														
Uncredited bankings	(180)	(1)																														
Balance per bank statement (1)	(600)	(1)																														
	\$																															
Balance per bank statement (1)	(600)	(1)																														
Unpresented cheques	(315)	(1)																														
Uncredited bankings	180	(1)																														
Balance per cash book (1)	(735)	(1of)																														

Question number	Answer	Mark
14(c)(i)	<p>Award 1 mark as indicated.</p> <p>A payment of a fixed amount (1) initiated by the payer (1).</p>	(2)

Question number	Answer	Mark
14(c)(ii)	<p>Award 1 mark as indicated.</p> <p>A payment of a variable amount (1) initiated by the payee (1).</p>	(2)

TOTAL FOR QUESTION 14 = 15 MARKS

Question number	Answer	Mark								
15(a)	<p>Award marks as indicated</p> <table border="1"> <thead> <tr> <th>Error</th> <th>Type of error</th> </tr> </thead> <tbody> <tr> <td>2</td> <td>Principle (1)</td> </tr> <tr> <td>5</td> <td>Omission (1)</td> </tr> <tr> <td>6</td> <td>Transposition (1)</td> </tr> </tbody> </table>	Error	Type of error	2	Principle (1)	5	Omission (1)	6	Transposition (1)	(3)
Error	Type of error									
2	Principle (1)									
5	Omission (1)									
6	Transposition (1)									

Question number	Answer	Mark																														
15(b)	<p>Award marks for correct date, details and amounts in combination.</p> <p style="text-align: center;">Suspense Account</p> <table border="1"> <thead> <tr> <th>Date</th> <th>Details</th> <th>\$</th> <th>Date</th> <th>Details</th> <th>\$</th> </tr> </thead> <tbody> <tr> <td>2019 30 April</td> <td>Balance b/d</td> <td>580 (1)</td> <td>2019 30 April</td> <td>Sales</td> <td>200 (1)</td> </tr> <tr> <td></td> <td>Discount received</td> <td>80 (1)</td> <td></td> <td>Raul</td> <td>450 (1)</td> </tr> <tr> <td></td> <td>Discount allowed</td> <td><u>80</u> (1)</td> <td></td> <td>Rent</td> <td><u>90</u> (1)</td> </tr> <tr> <td></td> <td></td> <td><u>740</u></td> <td></td> <td></td> <td><u>740</u></td> </tr> </tbody> </table>	Date	Details	\$	Date	Details	\$	2019 30 April	Balance b/d	580 (1)	2019 30 April	Sales	200 (1)		Discount received	80 (1)		Raul	450 (1)		Discount allowed	<u>80</u> (1)		Rent	<u>90</u> (1)			<u>740</u>			<u>740</u>	(6)
Date	Details	\$	Date	Details	\$																											
2019 30 April	Balance b/d	580 (1)	2019 30 April	Sales	200 (1)																											
	Discount received	80 (1)		Raul	450 (1)																											
	Discount allowed	<u>80</u> (1)		Rent	<u>90</u> (1)																											
		<u>740</u>			<u>740</u>																											

Question number	Answer	Mark																												
15(c)	<p data-bbox="300 304 719 342">Award marks as indicated</p> <table border="1" data-bbox="300 394 1374 1012"> <thead> <tr> <th data-bbox="300 394 507 483">Error</th> <th data-bbox="507 394 804 483">Increase</th> <th data-bbox="804 394 1099 483">Decrease</th> <th data-bbox="1099 394 1374 483">No effect</th> </tr> </thead> <tbody> <tr> <td data-bbox="300 483 507 573">1</td> <td data-bbox="507 483 804 573"></td> <td data-bbox="804 483 1099 573">✓ (1)</td> <td data-bbox="1099 483 1374 573"></td> </tr> <tr> <td data-bbox="300 573 507 663">2</td> <td data-bbox="507 573 804 663"></td> <td data-bbox="804 573 1099 663">✓ (1)</td> <td data-bbox="1099 573 1374 663"></td> </tr> <tr> <td data-bbox="300 663 507 752">3</td> <td data-bbox="507 663 804 752"></td> <td data-bbox="804 663 1099 752"></td> <td data-bbox="1099 663 1374 752">✓ (1)</td> </tr> <tr> <td data-bbox="300 752 507 842">4</td> <td data-bbox="507 752 804 842">✓ (1)</td> <td data-bbox="804 752 1099 842"></td> <td data-bbox="1099 752 1374 842"></td> </tr> <tr> <td data-bbox="300 842 507 931">5</td> <td data-bbox="507 842 804 931">✓ (1)</td> <td data-bbox="804 842 1099 931"></td> <td data-bbox="1099 842 1374 931"></td> </tr> <tr> <td data-bbox="300 931 507 1012">6</td> <td data-bbox="507 931 804 1012"></td> <td data-bbox="804 931 1099 1012">✓ (1)</td> <td data-bbox="1099 931 1374 1012"></td> </tr> </tbody> </table>	Error	Increase	Decrease	No effect	1		✓ (1)		2		✓ (1)		3			✓ (1)	4	✓ (1)			5	✓ (1)			6		✓ (1)		(6)
Error	Increase	Decrease	No effect																											
1		✓ (1)																												
2		✓ (1)																												
3			✓ (1)																											
4	✓ (1)																													
5	✓ (1)																													
6		✓ (1)																												

TOTAL FOR QUESTION 15 = 15 MARKS

Question number	Answer					Mark																																																						
16(a)	<p>Award 1 mark for correct amount.</p> <p>Award 1 mark for all correct dates and details</p> <p style="text-align: center;">Trade Receivables Ledger Control Account</p> <table border="1" data-bbox="300 521 1386 1447"> <thead> <tr> <th data-bbox="308 530 440 566">Date</th> <th data-bbox="440 530 643 566">Details</th> <th data-bbox="643 530 818 566">\$</th> <th data-bbox="818 530 951 566">Date</th> <th data-bbox="951 530 1179 566">Details</th> <th data-bbox="1179 530 1378 566">\$</th> </tr> </thead> <tbody> <tr> <td data-bbox="308 577 440 701">2019 1 April</td> <td data-bbox="440 577 643 701">Balance b/d</td> <td data-bbox="643 577 818 701">17 460 (1)</td> <td data-bbox="818 577 951 701">2019 30 April</td> <td data-bbox="951 577 1179 701">Bank</td> <td data-bbox="1179 577 1378 701">79 640 (1)</td> </tr> <tr> <td data-bbox="308 712 440 835">30 April</td> <td data-bbox="440 712 643 835">Sales day book</td> <td data-bbox="643 712 818 835">84 200 (1)</td> <td data-bbox="818 712 951 835"></td> <td data-bbox="951 712 1179 835">Cash book/ discount allowed</td> <td data-bbox="1179 712 1378 835">2 100 (1)</td> </tr> <tr> <td data-bbox="308 846 440 1059"></td> <td data-bbox="440 846 643 1059">Bank</td> <td data-bbox="643 846 818 1059">315 (1)</td> <td data-bbox="818 846 951 1059"></td> <td data-bbox="951 846 1179 1059">Journal/ Set-off trade payables ledger control</td> <td data-bbox="1179 846 1378 1059">475 (1)</td> </tr> <tr> <td data-bbox="308 1070 440 1182"></td> <td data-bbox="440 1070 643 1182"></td> <td data-bbox="643 1070 818 1182"></td> <td data-bbox="818 1070 951 1182"></td> <td data-bbox="951 1070 1179 1182">Journal/ irrecoverable debts</td> <td data-bbox="1179 1070 1378 1182">290 (1)</td> </tr> <tr> <td data-bbox="308 1193 440 1272"></td> <td data-bbox="440 1193 643 1272"></td> <td data-bbox="643 1193 818 1272"></td> <td data-bbox="818 1193 951 1272"></td> <td data-bbox="951 1193 1179 1272">Sales returns day book</td> <td data-bbox="1179 1193 1378 1272">3 150 (1)</td> </tr> <tr> <td data-bbox="308 1283 440 1317"></td> <td data-bbox="440 1283 643 1317"></td> <td data-bbox="643 1283 818 1317"></td> <td data-bbox="818 1283 951 1317"></td> <td data-bbox="951 1283 1179 1317">Balance c/d</td> <td data-bbox="1179 1283 1378 1317"><u>16 320</u></td> </tr> <tr> <td data-bbox="308 1328 440 1361"></td> <td data-bbox="440 1328 643 1361"></td> <td data-bbox="643 1328 818 1361"><u>101 975</u></td> <td data-bbox="818 1328 951 1361"></td> <td data-bbox="951 1328 1179 1361"></td> <td data-bbox="1179 1328 1378 1361"><u>101 975</u></td> </tr> <tr> <td data-bbox="308 1373 440 1451">1 May</td> <td data-bbox="440 1373 643 1451">Balance b/d</td> <td data-bbox="643 1373 818 1451">16 320 (1of)</td> <td data-bbox="818 1373 951 1451"></td> <td data-bbox="951 1373 1179 1451"></td> <td data-bbox="1179 1373 1378 1451"></td> </tr> </tbody> </table>					Date	Details	\$	Date	Details	\$	2019 1 April	Balance b/d	17 460 (1)	2019 30 April	Bank	79 640 (1)	30 April	Sales day book	84 200 (1)		Cash book/ discount allowed	2 100 (1)		Bank	315 (1)		Journal/ Set-off trade payables ledger control	475 (1)					Journal/ irrecoverable debts	290 (1)					Sales returns day book	3 150 (1)					Balance c/d	<u>16 320</u>			<u>101 975</u>			<u>101 975</u>	1 May	Balance b/d	16 320 (1of)				(10)
Date	Details	\$	Date	Details	\$																																																							
2019 1 April	Balance b/d	17 460 (1)	2019 30 April	Bank	79 640 (1)																																																							
30 April	Sales day book	84 200 (1)		Cash book/ discount allowed	2 100 (1)																																																							
	Bank	315 (1)		Journal/ Set-off trade payables ledger control	475 (1)																																																							
				Journal/ irrecoverable debts	290 (1)																																																							
				Sales returns day book	3 150 (1)																																																							
				Balance c/d	<u>16 320</u>																																																							
		<u>101 975</u>			<u>101 975</u>																																																							
1 May	Balance b/d	16 320 (1of)																																																										

Question number	Answer	Mark
16(b)	<p>Award up to 2 marks for identification, 2 marks for development and 1 mark for conclusion.</p> <p>Sample answers</p> <p>Hanif maintains a trade receivable ledger account as it will provide:</p> <p>A total amount of trade receivables (1), which can be used to prepare the financial statements (1).</p> <p>A deterrent to fraud (1) as these are normally produced by a different person than produced the subsidiary ledger accounts (1).</p> <p>Help in locating errors when the trial balance fails to balance (1) as the balance of the control account must equal the total of the individual trade receivables (1).</p> <p>Proof of the arithmetical accuracy of the trade receivables ledger (1) but not all errors will be revealed - e.g. error of commission (1).</p> <p>Therefore the advantages to Hanif outweigh the disadvantages (1).</p>	(5)

TOTAL FOR QUESTION 16 = 15 MARKS

Question number	Answer	Mark
-----------------	--------	------

17(a)

Award marks as indicated.

Account	Debit \$	Credit \$
Bank overdraft		1 830 (1)
Carriage inwards	710 (1)	
Carriage outwards	1 220	
Discount allowed	420 (1)	
Discount received		300
Drawings	6 200 (1)	
Equity		16 600
General expenses	5 950	
Inventory	5 350	
Irrecoverable debts	250 (1)	
Non-current assets - accumulated depreciation		5 900
Non-current assets - cost	15 050	
Purchases	34 280	
Rent and rates	3 650	
Returns inwards	530 (1)	
Returns outwards		980
Revenue		65 570
Trade payables		3 510 (1)
Trade receivables	2 180 (1)	
Wages	18 900	
Total	94 690	94 690
	(1of) for both	

(9)

Question number	Answer	Mark
17(b)	Award marks as indicated	
	Scenario	Accounting concept
	A computer purchased for her personal use should be charged to drawings.	Business entity (1)
	The purchase of a new calculator for \$40 should not be charged to non-current assets.	Materiality (1)
		(2)

Question number	Answer	Mark			
17(c)	Award marks as indicated				
	Item	Expense	Income	Current Asset	Current Liability
	Irrecoverable debts	✓(1)			
	Provision for irrecoverable debts			✓(1)	
	Provision for irrecoverable debts - decrease		✓(1)		
	Provision for irrecoverable debts - increase	✓(1)			
					(4)

TOTAL FOR QUESTION 17 = 15 MARKS

Question number	Answer	Mark
18(a)(i)	<p>Award marks as indicated</p> <p>Expenses which have been incurred (1) but unpaid at the financial year end (1)</p> <p>Accept any other appropriate responses</p>	(2)

Question number	Answer	Mark
18(a)(ii)	<p>Award marks as indicated</p> <p>Expenses that have been paid (1) in advance of the accounting period (1)</p> <p>Accept any other appropriate responses</p>	(2)

Question number	Answer	Mark
18(b)	<p>Award marks as indicated</p> <p>\$360 (2) (W)</p> <p>W (\$960 / 8 or \$120 (1) x 3 = \$360 (1))</p>	(2)

Question number	Answer	Mark
-----------------	--------	------

18(c)	<p>Award mark as indicated</p> <table border="1" data-bbox="411 219 1257 600"> <thead> <tr> <th data-bbox="418 219 804 295">Transaction</th> <th data-bbox="810 219 1027 295">Revenue Expenditure</th> <th data-bbox="1034 219 1251 295">Capital Expenditure</th> </tr> </thead> <tbody> <tr> <td data-bbox="418 304 804 371">Factory roof repairs</td> <td data-bbox="810 304 1027 371">✓(1)</td> <td data-bbox="1034 304 1251 371"></td> </tr> <tr> <td data-bbox="418 380 804 448">Factory extension</td> <td data-bbox="810 380 1027 448"></td> <td data-bbox="1034 380 1251 448">✓(1)</td> </tr> <tr> <td data-bbox="418 456 804 524">Machinery installation</td> <td data-bbox="810 456 1027 524"></td> <td data-bbox="1034 456 1251 524">✓(1)</td> </tr> <tr> <td data-bbox="418 533 804 600">Machinery maintenance</td> <td data-bbox="810 533 1027 600">✓(1)</td> <td data-bbox="1034 533 1251 600"></td> </tr> </tbody> </table>	Transaction	Revenue Expenditure	Capital Expenditure	Factory roof repairs	✓(1)		Factory extension		✓(1)	Machinery installation		✓(1)	Machinery maintenance	✓(1)		(4)
Transaction	Revenue Expenditure	Capital Expenditure															
Factory roof repairs	✓(1)																
Factory extension		✓(1)															
Machinery installation		✓(1)															
Machinery maintenance	✓(1)																
Question number	Answer	Mark															
18(d)	<p>Award up to 2 marks for identification, 2 marks for development and 1 mark for conclusion.</p> <p>Sample answers</p> <p>It is important to distinguish between revenue expenditure and capital expenditure because:</p> <p>The incorrect treatment of revenue expenditure would result in the profit for the year being either overstated or understated (1) as revenue expenditure is written off against profit in the year in the year incurred (1).</p> <p>The incorrect treatment of capital expenditure would result in the non-current assets being either overstated or understated (1) as capital expenditure items last longer than one year and appear in the statement of financial position (1).</p> <p>By treating capital expenditure and revenue expenditure incorrectly, this would result in the financial statements not providing a true and fair view of the business (1).</p>	(5)															

TOTAL FOR QUESTION 18 = 15 MARKS

TOTAL MARKS FOR SECTION B = 75 MARKS

TOTAL MARKS FOR PAPER = 100 MARKS

Pearson Education Limited. Registered company number 872828
with its registered office at 80 Strand, London, WC2R 0RL, United Kingdom