



Mark Scheme (Final)

Summer 2019

Pearson Edexcel International GCSE

In Accounting (4AC1)

Paper 02 Financial Statements

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Question number	Answer	Mark
1(a)	Award marks as indicated.	(20)

Award one mark for all correct labels.

Yu Win

Income statement for the year ended 31 May 2018

	\$	\$	
Revenue	329 500		(1)
Returns inwards	(15 500)		(1)
		314 000	
Cost of sales			
Opening inventory	37 150		(1)
Purchases	185 375		(1)
Returns outwards	(12 500)		(1)
Goods for own use	(2 500)		(1)
Carriage inwards	3 625		(1)
Closing inventory	(43 950)		(1)
		(167 200)	(1 of)
Gross profit		146 800	(1 of)
Other income			
Allowance for doubtful debts		750	(1)
Discount received		1 250	(1)
		148 800	(1 of)
Expenses			
Loss on disposal	225		(1)
Depreciation - Fixtures and fittings	625		(1)
- Motor vehicles	5 645		(1)
General expenses	23 250		(1)
Wages and salaries	40 000		(1)
		(69 745)	
Profit for the year		79 055	(1 of)

Question number	Answer	Mark
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1(b)	Award marks as indicated.			
	Yu Win			
	Statement of financial Position at 31 May 2018			
		\$	\$	\$
	Assets			
	Non-current assets	Cost	Accumulated depreciation	Carrying value
	Fixtures and fittings	12 500 (1)	3 750	8 750 (1of)
	Motor vehicles	70 000 (1)	19 195	50 805 (1of)
			59 555 (1)	
				(5)

TOTAL FOR QUESTION 1 = 25 MARKS

Question number	Answer	Mark								
2(a)	Award marks as indicated.	(3)								
	<table><tr><th>Scenario</th><th>Accounting concept</th></tr><tr><td>Adjusting expenses for other receivables</td><td>Accruals (1)</td></tr><tr><td>Creating an allowance for doubtful debts</td><td>Prudence (1)</td></tr><tr><td>Recording goods taken for personal use</td><td>Business entity (1)</td></tr></table>	Scenario	Accounting concept	Adjusting expenses for other receivables	Accruals (1)	Creating an allowance for doubtful debts	Prudence (1)	Recording goods taken for personal use	Business entity (1)	
Scenario	Accounting concept									
Adjusting expenses for other receivables	Accruals (1)									
Creating an allowance for doubtful debts	Prudence (1)									
Recording goods taken for personal use	Business entity (1)									

Question number	Answer	Mark
2(b)(i)	Award mark as indicated Profitability is the ability to generate profits from the activities of the business (1) .	(1)

Question number	Answer	Mark
2(b)(ii)	Award mark as indicated Liquidity is the ability of a business to pay off its liabilities (1) .	(1)

Question number	Answer	Mark

2(c)	Award up to 2 marks for comments on profitability and up to 2 marks for comments on liquidity and 1 mark for overall evaluation. Sample answer Gross profit margin has improved indicating charging higher selling price in relation to lower/constant purchase price or cost of sales (1). Profit for the year as a percentage of revenue has also improved due to better gross profit margin (1). Current (working capital) ratio has improved which indicates that the business was able to pay off its short-term liabilities in both years (1). Liquid (acid test) ratio has improved, which indicates that the business can pay off its short-term liabilities without having to sell inventory (1). Overall profitability and liquidity of the business has improved (1)	(5)
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Question number	Indicative content		Mark
2(e)	- Partners must share the profits/losses, so they must prepare the appropriation accounts to show the share of profit/loss. - Being partners, they may be entitled to interest on capital, drawings and interest on drawings, salaries etc so they must prepare the current account to show what business owes to them and what they owe to business. - Being partners the drawings and profit share is not adjusted to the capital account so they must show the capital and current account separately in the statement of financial position. The indicative content is not exhaustive; other creditworthy material should be awarded marks as appropriate.		(6)
Level	Mark	Descriptor	
	0	No rewardable material.	
Level 1	1 - 2	Some understanding of the accounting principles demonstrated but explanation has not been developed adequately.	
Level 2	3 - 4	Good understanding of the accounting principles demonstrated with a developed explanation but with limited evidence to support response.	
Level 3	5 - 6	Excellent understanding of the accounting principles demonstrated with a well-developed explanation with sufficient evidence to fully support response.	

Question number	Answer	Mark
2(f)	Award up to 2 marks for identification, 2 marks for development and 1 mark for conclusion. Sample answers A sole trader may have limited finance/capital/resources to expand the business (1), but a new partner brings in additional finance/capital/resources available to expand the business (1). A sole trader may find it hard to cope with the demands of the increased business (1), but a new partner will bring in additional skills/knowledge/ideas/ and share workload (1). If a sole trader forms a partnership, he will lose control as all the decision are to be made collectively (1), whereas at present he makes all the decisions (1). If a sole trader forms a partnership, he must share the profits with the other partner (1), whereas at present he takes all the profits (1). Any supported decision (1).	(5)

(TOTAL FOR QUESTION 2 = 25 marks)
TOTAL FOR PAPER = 50 MARKS
