



Mark Scheme (Results)

November 2020

Pearson Edexcel International GCSE
In Accounting (4AC1)
Paper 2R: Financial Statements

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

Autumn 2020

Publications Code 4AC1_02R_2011_MS

All the material in this publication is copyright

© Pearson Education Ltd 2020

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.

Question Number	Answer	Mark																																																												
1 (a)	Award marks as indicated with label. <table border="1"> <thead> <tr> <th colspan="3">Gurpreet Income statement for the year ended 31 December 2019</th></tr> <tr> <th></th><th>\$</th><th>\$</th></tr> </thead> <tbody> <tr> <td>Revenue</td><td></td><td>81 385 (1)</td></tr> <tr> <td>Cost of sales</td><td></td><td></td></tr> <tr> <td>Opening inventory</td><td>15 000 (1)</td><td></td></tr> <tr> <td>Purchases</td><td>45 920 (1)</td><td></td></tr> <tr> <td>Closing inventory</td><td>(12 000) (1)</td><td></td></tr> <tr> <td></td><td></td><td>(48 920) (1of)</td></tr> <tr> <td>Gross profit</td><td></td><td>32 465 (1of)</td></tr> <tr> <td>Add income</td><td></td><td></td></tr> <tr> <td>Allowance for doubtful debts</td><td></td><td>150 (1)</td></tr> <tr> <td>Profit on disposal of motor vehicle \$5 760 (1) - \$5 000 (1) = \$760 (1of)</td><td></td><td>760 (3)</td></tr> <tr> <td></td><td></td><td>33 375</td></tr> <tr> <td>Less expenses</td><td></td><td></td></tr> <tr> <td>Irrecoverable debts</td><td>575 (1)</td><td></td></tr> <tr> <td>Motor vehicles – depreciation charge \$40 000 (1) x 10%=\$4 000 (1of)</td><td>4 000 (2)</td><td></td></tr> <tr> <td>Office expenses \$16 780 (1) - \$1 280=\$15 500 (1)</td><td>15 500 (2)</td><td></td></tr> <tr> <td>Wages \$24 375 (1) + \$1 125=\$25 500 (1)</td><td>25 500 (2)</td><td></td></tr> <tr> <td></td><td></td><td>(45 575) (1of)</td></tr> <tr> <td>Loss for the year</td><td></td><td>12 200 (2/1of)</td></tr> </tbody> </table>	Gurpreet Income statement for the year ended 31 December 2019				\$	\$	Revenue		81 385 (1)	Cost of sales			Opening inventory	15 000 (1)		Purchases	45 920 (1)		Closing inventory	(12 000) (1)				(48 920) (1of)	Gross profit		32 465 (1of)	Add income			Allowance for doubtful debts		150 (1)	Profit on disposal of motor vehicle \$5 760 (1) - \$5 000 (1) = \$760 (1of)		760 (3)			33 375	Less expenses			Irrecoverable debts	575 (1)		Motor vehicles – depreciation charge \$40 000 (1) x 10%=\$4 000 (1of)	4 000 (2)		Office expenses \$16 780 (1) - \$1 280=\$15 500 (1)	15 500 (2)		Wages \$24 375 (1) + \$1 125=\$25 500 (1)	25 500 (2)				(45 575) (1of)	Loss for the year		12 200 (2/1of)	(20)
Gurpreet Income statement for the year ended 31 December 2019																																																														
	\$	\$																																																												
Revenue		81 385 (1)																																																												
Cost of sales																																																														
Opening inventory	15 000 (1)																																																													
Purchases	45 920 (1)																																																													
Closing inventory	(12 000) (1)																																																													
		(48 920) (1of)																																																												
Gross profit		32 465 (1of)																																																												
Add income																																																														
Allowance for doubtful debts		150 (1)																																																												
Profit on disposal of motor vehicle \$5 760 (1) - \$5 000 (1) = \$760 (1of)		760 (3)																																																												
		33 375																																																												
Less expenses																																																														
Irrecoverable debts	575 (1)																																																													
Motor vehicles – depreciation charge \$40 000 (1) x 10%=\$4 000 (1of)	4 000 (2)																																																													
Office expenses \$16 780 (1) - \$1 280=\$15 500 (1)	15 500 (2)																																																													
Wages \$24 375 (1) + \$1 125=\$25 500 (1)	25 500 (2)																																																													
		(45 575) (1of)																																																												
Loss for the year		12 200 (2/1of)																																																												

Question Number	Answer	Mark
1 (b)	Award 2 marks for points in favour and 2 marks for points against. Award 1 mark for decision. For example The new partner will provide additional capital (1) and new skills and expertise (1). However, Gurpreet has to share the profit (1) and will lose full control of decisions (1). Gurpreet should form a partnership (1).	(5)

Question Number	Answer	Mark																																																									
2 (a)	Award marks as indicated with label. <table border="1"> <thead> <tr> <th colspan="3">Talmur and Soha</th></tr> <tr> <th colspan="3">Appropriation account for the year ended 31 March 2020</th></tr> <tr> <th></th><th>\$</th><th>\$</th></tr> </thead> <tbody> <tr> <td>Profit for the year</td><td></td><td>65 000</td></tr> <tr> <td>Interest on drawings:</td><td></td><td></td></tr> <tr> <td>Talmur</td><td>1 000 (1)</td><td></td></tr> <tr> <td>Soha</td><td>800 (1)</td><td></td></tr> <tr> <td></td><td></td><td>1 800</td></tr> <tr> <td>Interest on capital:</td><td></td><td></td></tr> <tr> <td>Talmur</td><td>7 500 (1)</td><td></td></tr> <tr> <td>Soha</td><td>5 000 (1)</td><td></td></tr> <tr> <td></td><td></td><td>(12 500)</td></tr> <tr> <td>Salary:</td><td></td><td></td></tr> <tr> <td>Talmur</td><td></td><td>(15 000) (1)</td></tr> <tr> <td>Profit available for distribution</td><td></td><td>39 300</td></tr> <tr> <td>Share of profit:</td><td></td><td></td></tr> <tr> <td>Talmur</td><td></td><td>23 580 (1of)</td></tr> <tr> <td>Soha</td><td></td><td>15 720 (1of)</td></tr> <tr> <td></td><td></td><td><u>39 300</u></td></tr> </tbody> </table>	Talmur and Soha			Appropriation account for the year ended 31 March 2020				\$	\$	Profit for the year		65 000	Interest on drawings:			Talmur	1 000 (1)		Soha	800 (1)				1 800	Interest on capital:			Talmur	7 500 (1)		Soha	5 000 (1)				(12 500)	Salary:			Talmur		(15 000) (1)	Profit available for distribution		39 300	Share of profit:			Talmur		23 580 (1of)	Soha		15 720 (1of)			<u>39 300</u>	(7)
Talmur and Soha																																																											
Appropriation account for the year ended 31 March 2020																																																											
	\$	\$																																																									
Profit for the year		65 000																																																									
Interest on drawings:																																																											
Talmur	1 000 (1)																																																										
Soha	800 (1)																																																										
		1 800																																																									
Interest on capital:																																																											
Talmur	7 500 (1)																																																										
Soha	5 000 (1)																																																										
		(12 500)																																																									
Salary:																																																											
Talmur		(15 000) (1)																																																									
Profit available for distribution		39 300																																																									
Share of profit:																																																											
Talmur		23 580 (1of)																																																									
Soha		15 720 (1of)																																																									
		<u>39 300</u>																																																									

Question Number	Answer	Mark																																										
2 (b)(i)	Award 1 mark for each correct figure as indicated plus 1 mark for correct dates and details. Current Account - Talmur <table><tr><th>Date</th><th>Details</th><th>\$</th><th>Date</th><th>Details</th><th>\$</th></tr><tr><td>1 April 2019</td><td>Balance b/d</td><td>4 750</td><td>31 March 2020</td><td>Interest on capital</td><td>7 500 (1of)</td></tr><tr><td>31 March</td><td>Drawings</td><td>20 000</td><td></td><td>Salary</td><td>15 000 (1)</td></tr><tr><td></td><td>Interest on drawings</td><td>1 000 (1fb)</td><td></td><td>Share of profit</td><td>23 580 (1of)</td></tr><tr><td></td><td>Balance c/d</td><td>20 330</td><td></td><td></td><td></td></tr><tr><td></td><td></td><td>46 080</td><td></td><td></td><td>46 080</td></tr><tr><td></td><td></td><td></td><td>1 April 2020</td><td>Balance b/d</td><td>20 330 (1of)</td></tr></table>	Date	Details	\$	Date	Details	\$	1 April 2019	Balance b/d	4 750	31 March 2020	Interest on capital	7 500 (1of)	31 March	Drawings	20 000		Salary	15 000 (1)		Interest on drawings	1 000 (1fb)		Share of profit	23 580 (1of)		Balance c/d	20 330						46 080			46 080				1 April 2020	Balance b/d	20 330 (1of)	(6)
Date	Details	\$	Date	Details	\$																																							
1 April 2019	Balance b/d	4 750	31 March 2020	Interest on capital	7 500 (1of)																																							
31 March	Drawings	20 000		Salary	15 000 (1)																																							
	Interest on drawings	1 000 (1fb)		Share of profit	23 580 (1of)																																							
	Balance c/d	20 330																																										
		46 080			46 080																																							
			1 April 2020	Balance b/d	20 330 (1of)																																							

Question Number	Answer	Mark
2 (b)(ii)	Award 1 mark as indicated. There may be a share of loss (1). Or More drawings than available on the account (1). Accept other appropriate responses.	(1)

Question Number	Answer	Mark
2 (c)	Award 1 mark for an introduction, up to 3 marks for discussion on ratios and 1 mark for a conclusion. For example The partners are incorrect (1). The gross profit margin is unchanged over the two years indicating no change in either the selling price or cost price (1). The profit for the year as a percentage of revenue has increased indicating that the business is controlling their expenses adequately (1). The return on capital employed has decreased indicating that the business is not using the increase in capital employed effectively in generating profit (1). Overall profitability has declined (1).	(5)

Question Number	Answer	Mark																												
2 (d)	Award marks as indicated. <table><tr><th>Transaction</th><th>Increase</th><th>Decrease</th><th>No effect</th></tr><tr><td>Purchase of a non-current asset by cash</td><td></td><td>✓ (1)</td><td></td></tr><tr><td>Sale of a non-current asset on credit</td><td>✓ (1)</td><td></td><td></td></tr><tr><td>Non-current asset taken by owner for own use</td><td></td><td></td><td>✓ (1)</td></tr><tr><td>Purchase of inventory on credit</td><td></td><td></td><td>✓ (1)</td></tr><tr><td>Sale of inventory by cash</td><td>✓ (1)</td><td></td><td></td></tr><tr><td>Inventory taken by owner for own use</td><td></td><td>✓ (1)</td><td></td></tr></table>	Transaction	Increase	Decrease	No effect	Purchase of a non-current asset by cash		✓ (1)		Sale of a non-current asset on credit	✓ (1)			Non-current asset taken by owner for own use			✓ (1)	Purchase of inventory on credit			✓ (1)	Sale of inventory by cash	✓ (1)			Inventory taken by owner for own use		✓ (1)		(6)
Transaction	Increase	Decrease	No effect																											
Purchase of a non-current asset by cash		✓ (1)																												
Sale of a non-current asset on credit	✓ (1)																													
Non-current asset taken by owner for own use			✓ (1)																											
Purchase of inventory on credit			✓ (1)																											
Sale of inventory by cash	✓ (1)																													
Inventory taken by owner for own use		✓ (1)																												

