Pearson
Edexcel

Mark Scheme (Results)

November 2020

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

Autumn 2020
Publications Code 4AC1_02_2011_MS

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.**	

Muneeb and Javeed
Appropriation account for the year ended 31 March 2020

	$	**$**
Profit for the year		78 000
Interest on capital		
Muneeb	10 000**(1)**	
Javeed	5 000**(1)**	
		(15 000)
Salary		
Muneeb		(12 000) **(1)**
Profit available for distribution		51 000
Share of profit		
Muneeb		34 000**(1of)**
Javeed		17 000**(1of)**
		51 000

(5)

Question Number	Answer	Mark
1 (b)	**Award 1 mark for each correct figure as indicated plus 1 mark for correct dates and details.**	

Current Account - Muneeb

Date	**Details**	**$**	**Date**	**Details**	**$**
1 April 2019	Balance b/d	5 750	31 March 2020	Interest on capital	10 000 **(1of)**
31 March 2020	Drawings	42 500 **(1)**		Salary	12 000 **(1)**
	Balance c/d	7 750		Share of profit	34 000 **(1of)**
		56 000			56 000
			1 April 2020	Balance b/d	7 750 **(1of)**

(6)

Question Number	Answer	Mark
1 (c)	**Award marks as indicated with label.**	

Muneeb and Javeed
Statement of financial Position at 31 March 2020

	$	**$**	**$**
Assets			
Non-current assets			100 000 (**1**)
Current assets			
Inventory		46 475 **(1)**	
Trade receivables	34 590		
Allowance for irrecoverable debts	(3 000)		
		31 590 **(1)**	
Other receivables		1 040 **(1)**	
Cash and cash equivalents		1 145 **(1)**	
			80 250 **(1of)**
Total assets			180 250 **(1of)**
Equity and liabilities			
Equity			
Equity	Muneeb	Javeed	
Capital account	100 000 **(1)**	50 000 **(1)**	150 000
Current account	7 750 **(1of)**	(3 950) **(1)**	3 800
Total equity			153 800
Current liabilities			
Trade payables		25 850 **(1)**	
Other payables		600 **(1)**	
Total equity and liabilities			180 250 **(1of)**

(14)

Question Number	Answer	Mark
2 (a)	**Award marks as indicated with label.**	**(6)**

Hyat
Manufacturing account for the year ended 31 December 2019

	$	$
Prime cost		18 750
Factory overheads		
Depreciation - factory machinery	5 120 **(1)**	
Rent, rates and power	4 500 **(1)**	
Wages	15 250 **(1)**	
		24 870
		43 620
Opening work in progress	1 370 **(1)**	
Closing work in progress	(1 450)**(1)**	
		(80)
Production cost		43 540 **(1of)**

Question Number	Answer	Mark
2 (b)	**Award marks as indicated with label.**	**(9)**

Hyat Income statement for the year ended 31 December 2019		
	$	**$**
Revenue		68 000 **(1)**
Cost of sales		
Opening inventory	4 730	
Cost of production	43 540 **(1of)**	
Closing inventory	(5 180) **(1fb)**	
		(43 090) **(1of)**
Gross profit		24 910 **(1of)**
Expenses		
Administration expenses	11 725 **(1)**	
Rent, rates and power	1 500 **(1)**	
Wages	5 000 **(1)**	
		(18 225)
Profit for the year		6 685 **(1of)**

Question Number	Answer	Mark
2 (c)	**Award 1 mark for identifying the accruals concept and 1 mark for application.** **For example** To comply with the accruals/matching concept **(1)** by matching revenues earned with the expenses incurred during the same period **(1).**	**(2)**

Question Number	Answer	Mark
2 (d) (i)	**Award 1 mark for an introduction and up to 3 marks for development.** **For example** Current (working capital) ratio has not changed however the Liquid (acid test) ratio has deteriorated **(1).** The business will struggle to pay its short-term liabilities **(1)** with its liquid assets **(1)** as the business is holding more inventory compared to last year **(1).**	**(4)**

Question Number	Answer	Mark
2 (d) (ii)	**Award mark as indicated.** No **(1)**	**(1)**

Question number	Answer	Mark
2 (d) (iii)	**Award 1 mark for identification of an improvement and up to 2 marks for justification.** **For example** Negotiate better credit terms with suppliers **(1)** which will provide extra time to collect money from the customers **(1)** before paying suppliers **(1).**	**(3)**