Mark Scheme (Results)

Summer 2022

Pearson Edexcel International GCSE
In Accounting (4AC1)
Paper 02 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

Summer 2022
Question Paper Log Number P71575A
Publications Code 4AC1_02_2206_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.
- 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 indicat**	

Sajjan
Income statement for the year ended 30 April 2022

	$	$
Revenue / Sales 165 200 **(1) or** 216 900 **(2)**		216 900 **(2)**
Cost of sales		
Purchases 104 200 **(1) or** 146 700 **(2)**	146 700 **(2)**	
Closing inventory	(36 000)	
		(110 700)
Gross profit		106 200 **(1of)**
Expenses		
Office expenses	18 975	
Motor expenses	5 000	
Rent and rates	13 200 **(1)**	
Wages and salaries	31 000 **(1)**	
Provision for irrecoverable debts	2 585 **(1)**	
Depreciation - motor vehicle	2 000 **(1)**	
		(72 760)
Profit for the year		33 440 **(1)**

(10)

Question number	Answer	Mark
1(b)	**Award marks as indicated.**	

Sajjan Statement of financial position at 30 April 2022		
Assets	**$**	**$**
Non-current assets		
Motor vehicle		38 000 **(1)**
Current assets		
Inventory		36 000
Trade receivables	51 700	
Provision for irrecoverable debts	2 585	
		49 115 **(1)**
Other receivables		1 400
		86 515 **(1)**
Total assets		124 515 **(1of)**
Equity and liabilities		
Equity		
Capital introduced	75 000	
Profit for the year	33 440 **(1of)**	
Drawings	(31 750) **(1)**	
Total equity		76 690 **(1of)**
Current liabilities		
Trade payables		42 500
Other payables		2 100
Bank overdraft		3 225 **(1)**
		47 825 **(1)**
Total equity and liabilities		124 515 **(1of)**

(10)

Question number	Answer	Mark
1(c)(i)	**Award 1 mark for explaining the concept plus marks as indicated for development.** **Sample answer** Prudence concept states that profits and assets should not be overstated and losses and liabilities should not be understated**(1)**. Maintaining a provision for irrecoverable debts ensures that the profit for the year is not overstated **(1)** and trade receivables are not overstated **(1)**.	**(3)**

Question number	Answer	Mark
1(c)(ii)	**Award 1 mark for explaining the concept plus marks as indicated for development.** **Sample answer** Accruals concept states that revenue of the accounting period should be matched against the costs of the same period whether paid or not **(1)**. Maintaining a provision for irrecoverable debts ensures that the amount of sales which are unlikely to be paid are regarded as an expense in the year of sale **(1).**	**(2)**

(Total for Question 1 = 25 marks)

Question number	Answer	Mark
2(a)	**Award marks as indicated.**	(8)

Carl and Ming
Appropriation account for the year ended 31 March 2022

	$	**$**
Draft profit for the year		42 140
Bank loan interest		(250) **(1)**
Depreciation charge		(1 500) **(1)**
Updated profit for the year		40 390
Interest on drawings		
Carl	2 160 **(1)**	
Ming	2 340 **(1)**	
		4 500
Interest on capital		
Carl	(6 000) **(1)**	
Ming	(4 000) **(1)**	
		(10 000)
Salary Ming		(18 000) **(1)**
Profit available for distribution		16 890
Share of profit		
Carl	**(1of fb)**	8 445
Ming		8 445
		16 890

Question number	Answer	Mark
2(b)(i)	**Award marks for each correct date, detail and amount in combination as indicated.**	(8)

Current Account — Ming

Date	Details	$	Date	Details	$
31 March 2022	Drawings	26 000 **(1)**	1 April 2021	Balance b/d	900 **(1)**
	Appropriation/ Interest on drawings	2 340 **(1of)**	31 March 2022	Appropriation/ Interest on capital	4 000 **(1of)**
	Balance c/d	3 005		Appropriation/ Salary	18 000 **(1)**
				Appropriation/ Share of profit	8 445 **(2/1of)**
		31 345			31 345
			1 April 2022	Balance b/d	3 005 **(1of)**

Question number	Answer	Mark
2(b)(ii)	**Award mark as indicated.** The amount owed by the partnership to the partner **(1)**. **Accept any other appropriate responses.**	(1)

Question number	Answer	Mark
2(b)(iii)	**Award mark as indicated.** The partner may have taken more money than allowed **(1)**. **Accept any other appropriate responses.**	(1)

<table>
<tr><th>Question number</th><th>Answer</th><th>Mark</th></tr>
<tr><td>2(c)(i)</td><td>Award marks as indicated.
<table><tr><th>Ratio</th><th>Formula</th></tr><tr><td>Current (working capital)</td><td><u>Current assets</u>
Current liabilities
(1)</td></tr><tr><td>Liquid (acid test)</td><td><u>(Current assets – inventory)</u>
Current liabilities
(1)</td></tr></table></td><td>(2)</td></tr>
</table>

Question number	Answer	Mark
2(c)(ii)	**Award 1 mark for analysis of each ratio, 1 mark for development of each ratio and 1 mark for overall conclusion.** **Sample answer** Although the current (working capital) ratio has deteriorated below the benchmark of 2:1**(1)** the business can still pay their current liabilities as was the case last year**(1).** The liquid (acid test) ratio has improved above the benchmark of 1:1 **(1)** indicating that the business can meet short-term debts as they become due, without the need to sell inventory **(1).** Therefore, the partners are correct that the liquidity of the business has improved **(1).** **Accept any other appropriate responses.**	**(5)**

(Total for Question 2 = 25 marks)

TOTAL FOR PAPER = 50 MARKS

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