Pearson Edexcel

Mark Scheme (Results)

January 2023

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

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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.**	

	Manufacturing account		Income statement	
	Prime cost	**Factory overheads**	**Income**	**Expenditure**
Wages- production staff	✓ **(1)**			
Wages- office staff				✓ **(1)**
Wages- factory supervisor		✓ **(1)**		
Carriage outwards				✓ **(1)**
Decrease in provision for irrecoverable debts			✓ **(1)**	
Royalties paid	✓ **(1)**			

(6)

Question number	Answer				Mark
1(b)	**Award marks as indicated.**				
	Bella and Chand				
	Statement of financial position at 30 September 2022				
	Assets	**$**	**$**	**$**	
	Non-current assets	**Cost**	**Accumulated depreciation**	**Carrying value**	
	Property, plant and equipment	65 000	18 050	46 950 **(1)**	
	Current assets				
	Inventories		38 800		
	Trade receivables Working [$27 600 **(1) -** $380 = $27 220		27 220 **(2)**		
	Bank		4 775		
	Petty cash		125		
				70 920 **(1)**	
	Total assets			117 870 **(1)**	
	Equity and liabilities				
	Equity	**Bella**	**Chand**		
	Capital	50 000 **(1)**	50 000 **(1)**	100 000	
	Current	10 500 **(1)**	3 450 **(1)**	13 950	
	Total equity			113 950 **(1)**	
	Current liabilities				
	Trade payables		3 490		
	Other payables		430		
				3 920 **(1)**	
	Total equity and liabilities			117 870 **(1)**	**(12)**

Question number	Answer	Mark
1(c)(i)	**Award marks as indicated.** <table><tr><th>Ratio</th><th>Formula</th></tr><tr><td>Profit for the year as a percentage of revenue</td><td><u>Profit for the year</u> x 100 Revenue **(1)**</td></tr><tr><td>Return on capital employed</td><td><u>Profit for the year</u> x 100 Capital employed. **(1)**</td></tr></table>	**(2)**

Question number	Answer	Mark
1(c)(ii)	**Award up to 4 marks for discussion on both ratios and the final 1 mark for a conclusion related to the scenario.** **Sample answer** Profit for the year as a percentage of revenue has improved over the year **(1)** indicating a better control of expenses **(1).** The return on capital employed has worsened **(1)** indicating an inefficient use of resources **(1).** Overall, profitability has worsened **(1).**	**(5)**

(Total for Question 1 = 25 marks)

Question number	Answer	Mark
2(a)(i)	**Award marks as indicated.** $178 750 **(3) W** **W** **$** 167 650 (21 400) **(1)** 32 500 **(1)** 178 750 **(1of)**	**(3)**

Question number	Answer	Mark
2(a)(ii)	**Award marks as indicated.** $90 000 **(3) W** **W** **$** 92 750 (15 500) **(1)** 12 750 **(1)** 90 000 **(1of)**	**(3)**

Question number	Answer	Mark
2(b)	**Award marks as indicated with labels.**	

Yamini Income statement for the year ended 30 September 2022			
	$	**$**	
Revenue		178 750	**(1of)**
Cost of sales			
Opening inventory	25 750		**(1)**
Purchases	90 000		**(1of)**
Closing inventory	(27 460)		**(1)**
		(88 290)	**(1)**
Gross profit		90 460	**(1of)**
Other income			
Interest received		110	**(1)**
		90 570	
Expenses			
Depreciation charge	8 000		**(1)**
Office expenses	26 350		**(1)**
Wages	33 500		**(1)**
		(67 850)	**(1of)**
Profit for the year		22 720	**(1of)**

(12)

Question number	Answer	Mark
2(c)	**Award marks as indicated up to a maximum of 2 marks.** Consistency **(1)** Prudence **(1)** Accruals/matching **(1)** Materiality **(1)** Money measurement **(1)** Business entity **(1)** **Accept any other appropriate responses.**	**(2)**

Question number	Answer	Mark
2(d)	**Award up to 4 marks for discussion on both ratios and the final 1 mark for a conclusion related to the scenario.** **Sample answer.** The current ratio has increased in 2022 , meaning it will be able to pay short-term debts as they become due **(1)**. However, the business is not making efficient use of its current assets **(1)**. The liquid (acid test) ratio has worsened in 2022, meaning the business will have difficulty paying short-term debts without selling inventory **(1).** This could result in suppliers refusing to make further supplies to the business **(1)**. Therefore the business's short-term liquidity has worsened **(1)**. **Accept any other appropriate responses.**	**(5)**

(Total for Question 2 = 25 marks)
TOTAL FOR PAPER = 50 MARKS

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