# Mark Scheme (Results)

## November 2023

## Pearson Edexcel International GCSE 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)(i)** | **Award marks as indicated.** | |

**Yola**
**Manufacturing account for the year ended 31 March 2023**

| | **$** | **$** |
|---|---|---|
| Raw materials | | |
| Opening inventory of raw materials | 12 980 | |
| Purchases | 186 500 | |
| Carriage inwards | 1 610 | |
| Closing inventory of raw materials | (19 170) | |
| **Cost of raw materials consumed** | | 181 920 **(1)** |
| Direct expenses/royalties | | 12 000 **(1)** |
| Direct wages | | 95 600 **(1)** |
| **Prime cost** | | 289 520 **(1)** |
| **Overheads** | | |
| Electricity | 10 500 **(1)** | |
| Insurance | 5 600 **(1)** | |
| Rent | 57 400 **(1)** | |
| Supervisor wages | 37 750 **(1)** | |
| Depreciation – production machinery | 25 100 **(1)** | 136 350 |
| | | 425 870 |
| Opening inventory of work in progress | 12 340 | |
| Closing inventory of work in progress | (11 170) | 1 170 **(1fb)** |
| **Production cost** | | 427 040 **(1)** |

**(11)**

| Question Number | Answer | Mark |
|---|---|---|
| **1(a)(ii)** | **Award marks as indicated.** | **(9)** |

**Yola**
**Income statement for the year ended 31 March 2023**

| | **$** | **$** |
|---|---|---|
| Revenue | | 827 500 **(1)** |
| Cost of sales | | |
| Opening inventory of finished goods | 20 100 | |
| Production cost | 427 040 **(1of)** | |
| Closing inventory of finished goods | (37 800) **(1fb)** | |
| | | (409 340)**(1)** |
| Gross profit | | 418 160 **(1of)** |
| Carriage outwards | 2 390 | |
| Electricity | 4 500 **(1)** | |
| Insurance | 2 400 **(1)** | |
| Wages | 21 500 **(1)** | |
| | | (30 790) |
| Profit for the year | | 387 370 **(1of)** |

| Question Number | Answer | Mark |
|---|---|---|
| **1(b)(i)** | **Award 1 mark for identification and 1 mark for linked development.**<br><br>The current ratio has deteriorated **(1)** indicating that Yola may find it difficult to meet short term debts as they become due **(1)**<br><br>**Accept any other appropriate responses** | **(2)** |

| Question Number | Answer | Mark |
|---|---|---|
| **1(b)(ii)** | **Award 1 mark for identification and up to 2 marks for limited development.**<br><br>Yola may invest additional capital **(1)** which will result in current assets increasing **(1)** with no effect on current liabilities **(1)**<br><br>**Accept any other appropriate responses** | **(3)** |

**TOTAL FOR QUESTION 1 = 25 MARKS**

| Question Number | Answer | Mark |
|---|---|---|
| **2(a)** | **Award marks as indicated for calculation.**<br><br>$144 605 **(3) W**<br><br>**W** $171 105 **(1)** – 26 500 **(1)** = $144 605 **(1of)** | **(3)** |

| Question Number | Answer | Mark |
|---|---|---|
| **2(b)** | **Award marks as indicated.** | **(17)** |

**Ed**
**Statement of financial position at 30 April 2023**

| **Assets** | **$** | **$** |
|---|---|---|
| **Non-current assets** | | |
| Fixtures and fittings | | 178 175 **(1)** |
| **Current assets** | | |
| Inventory | | 17 600 **(1)** |
| Trade receivables | 85 500 **(1of)** | |
| Allowance for irrecoverable debts | (1 710) **(1)** | 83 790**(1)** |
| | | 101 390 |
| **Total assets** | | 279 565**(1of)** |
| **Equity and liabilities** | | |
| **Equity** | | |
| At 1 May 2022 | 144 605 **(1of)** | |
| Profit for the year **W1** | 42 960 **(2)** | |
| Drawings | (6 090) **(1)** | |
| **Total equity** | | 181 475**(1of)** |
| **Non-current liabilities** | | |
| Bank loan | | 75 000 **(1)** |
| **Current liabilities** | | |
| Trade payables | 18 540 **(1)** | |
| Other payables | 1 900 **(1)** | |
| Bank overdraft | 2 650 **(1)** | 23 090 |
| **Total liabilities** | | 98 090 **(1)** |
| **Total equity and liabilities** | | 279 565**(1of)** |

**W1** 45 670 **(1)** – 2 710 **(1)** = $42 960

| Question Number | Answer | Mark |
|---|---|---|
| **2(c)** | **Award (1) mark for identification of a disadvantage and a further (1) mark for development of the response. A further (1) mark to be awarded for any appropriate conclusion. (Max 5)**<br><br>**Sample answer**<br><br>The cost **(1)** of the hardware and software may require a fresh injection of capital **(1). (**Candidates may also refer to the cost of training staff or the cost of making staff redundant.) There is a risk **(1)** that data may be lost or corrupted due to computer viruses **(1).** Therefore Ed's business may not benefit from this investment. **(1)**<br><br>**Accept any other appropriate responses** | **(5)** |
| **Additional Guidance for Markers**<br><br>Where a candidate only provides a list award Max **(2)** | | |

**TOTAL FOR QUESTION 2 = 25 MARKS**

**TOTAL MARKS FOR PAPER = 50 MARKS**