



Mark Scheme (Results)

Summer 2024

Pearson Edexcel International GCSE
Accounting 4AC1
PAPER 02R: 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. Tang Income Statement For the year ended 31 December 2023 <table border="1"> <thead> <tr> <th></th><th style="text-align: center;">\$</th><th style="text-align: center;">\$</th></tr> </thead> <tbody> <tr> <td>Revenue</td><td></td><td>150 000 (1)</td></tr> <tr> <td>Cost of sales</td><td></td><td></td></tr> <tr> <td>Opening inventory</td><td>8 700</td><td></td></tr> <tr> <td>Purchases</td><td>89 000 (1)</td><td></td></tr> <tr> <td>Returns outwards</td><td>(4 256)(1)</td><td></td></tr> <tr> <td>Carriage inwards</td><td>800(1)</td><td></td></tr> <tr> <td>Goods taken for own use</td><td>(3 290)(1)</td><td></td></tr> <tr> <td>Closing inventory</td><td>(9 345)(1fb)</td><td></td></tr> <tr> <td>Cost of sales</td><td></td><td>(81 609)(1)</td></tr> <tr> <td>Gross profit</td><td></td><td>68 391(1of)</td></tr> <tr> <td>Expenses</td><td></td><td></td></tr> <tr> <td>Business rates (1430(1)+570(1))</td><td>2 000(2)</td><td></td></tr> <tr> <td>Carriage outwards</td><td>1 300(1)</td><td></td></tr> <tr> <td>Depreciation – fixtures and fittings</td><td>1 000(1)</td><td></td></tr> <tr> <td>Depreciation – motor vehicles</td><td>11 250(1)</td><td></td></tr> <tr> <td>General expenses</td><td>5 800(1)</td><td></td></tr> <tr> <td>Insurance (3 600(1)–600 (1))</td><td>3 000(2)</td><td></td></tr> <tr> <td>Irrecoverable debts</td><td>650(1)</td><td></td></tr> <tr> <td>Motor expenses</td><td><u>7 890</u>(1)</td><td></td></tr> <tr> <td></td><td></td><td><u>32 890</u>(1of)</td></tr> <tr> <td>Profit for the year</td><td></td><td>35 501(1of)</td></tr> <tr> <td></td><td></td><td></td></tr> </tbody> </table>		\$	\$	Revenue		150 000 (1)	Cost of sales			Opening inventory	8 700		Purchases	89 000 (1)		Returns outwards	(4 256) (1)		Carriage inwards	800 (1)		Goods taken for own use	(3 290) (1)		Closing inventory	(9 345) (1fb)		Cost of sales		(81 609) (1)	Gross profit		68 391 (1of)	Expenses			Business rates (1430 (1) +570 (1))	2 000 (2)		Carriage outwards	1 300 (1)		Depreciation – fixtures and fittings	1 000 (1)		Depreciation – motor vehicles	11 250 (1)		General expenses	5 800 (1)		Insurance (3 600 (1) –600 (1))	3 000 (2)		Irrecoverable debts	650 (1)		Motor expenses	<u>7 890</u> (1)				<u>32 890</u> (1of)	Profit for the year		35 501 (1of)				(20)
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Question Number	Answer	Mark
1(b)	Award up to 2 marks for the evaluation of each option. Award 1 mark for overall advice. Sample answer Option 1 Employing a bookkeeper will mean that the business will incur an additional expense (1) which will reduce the profit for the year. (1) Option 2 By purchasing an accounting software package the business will incur the expense of purchasing the package (1) which will increase capital expenditure for that year only. (1) Advice I would advise Tang to purchase the accounting software package as it will make his business more efficient. (1) Accept any other appropriate responses	(5)

TOTAL FOR QUESTION 1 = 25 MARKS

Question Number	Answer	Mark																																																																																																																								
2 (a)	Award marks as indicated. Bob Statement of Financial Position at 29 February 2024 <table><tr><td></td><td>\$</td><td>\$</td><td>\$</td></tr><tr><td>Assets</td><td></td><td></td><td></td></tr><tr><td>Non-current assets</td><td></td><td></td><td></td></tr><tr><td>Fixtures and fittings</td><td></td><td>11 900</td><td></td></tr><tr><td>Motor vehicles</td><td></td><td>15 400</td><td></td></tr><tr><td></td><td></td><td></td><td>27 300(1)</td></tr><tr><td>Current assets</td><td></td><td></td><td></td></tr><tr><td>Inventory</td><td></td><td>8 531</td><td></td></tr><tr><td>Trade receivables</td><td>8 490(1)</td><td></td><td></td></tr><tr><td>Allowance for doubtful debts</td><td><u>(346)</u></td><td></td><td></td></tr><tr><td></td><td></td><td>8 144(1)</td><td></td></tr><tr><td>Other receivables</td><td></td><td>600(1)</td><td></td></tr><tr><td>Cash at bank</td><td></td><td>2 198</td><td></td></tr><tr><td>Cash in hand</td><td></td><td><u>289</u></td><td></td></tr><tr><td></td><td></td><td></td><td>19 762(1)</td></tr><tr><td>Total assets</td><td></td><td></td><td><u>47062(1of)</u></td></tr><tr><td>Equity and liabilities</td><td></td><td></td><td></td></tr><tr><td>Equity</td><td></td><td></td><td></td></tr><tr><td>At 1 March 2023</td><td></td><td>30 000</td><td></td></tr><tr><td>Profit for the year</td><td></td><td>8 083</td><td></td></tr><tr><td>Drawings</td><td></td><td><u>(5 552)</u></td><td></td></tr><tr><td>Total equity</td><td></td><td></td><td>32 531(1)</td></tr><tr><td>Non-current liabilities</td><td></td><td></td><td></td></tr><tr><td>Bank loan (2028)</td><td></td><td></td><td>10 000(1)</td></tr><tr><td>Current liabilities</td><td></td><td></td><td></td></tr><tr><td>Trade payables</td><td></td><td>4 320</td><td></td></tr><tr><td>Other payables</td><td></td><td>211</td><td></td></tr><tr><td></td><td></td><td></td><td>4 531(1)</td></tr><tr><td>Total liabilities</td><td></td><td></td><td>14 531</td></tr><tr><td>Total equity and liabilities</td><td></td><td></td><td><u>47062(1of)</u></td></tr></table>		\$	\$	\$	Assets				Non-current assets				Fixtures and fittings		11 900		Motor vehicles		15 400					27 300 (1)	Current assets				Inventory		8 531		Trade receivables	8 490 (1)			Allowance for doubtful debts	<u>(346)</u>					8 144 (1)		Other receivables		600 (1)		Cash at bank		2 198		Cash in hand		<u>289</u>					19 762 (1)	Total assets			<u>47062(1of)</u>	Equity and liabilities				Equity				At 1 March 2023		30 000		Profit for the year		8 083		Drawings		<u>(5 552)</u>		Total equity			32 531 (1)	Non-current liabilities				Bank loan (2028)			10 000 (1)	Current liabilities				Trade payables		4 320		Other payables		211					4 531 (1)	Total liabilities			14 531	Total equity and liabilities			<u>47062(1of)</u>	(10)
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2(b)(i)	Award marks as indicated. Current (working capital) ratio Current assets/current liabilities (1) 4.36:1 (1of) Liquid (acid test) ratio Current assets – inventory/current liabilities (1) 2.48:1 (1of)	(4)

Question Number	Answer	Mark
2(b)(ii)	Award up to 2 marks for the evaluation of each ratio. Award 1 mark for conclusion. Sample answer Current ratio The current ratio indicates that the business is able to meet its short-term debts (1) however as the figure exceeds the benchmark of 2:1 this indicates poor management of the working capital. (1) Liquid ratio The liquid ratio indicates that the business is able to meet its short-term debts without having to sell its inventory (1) however the figure exceeds the benchmark of 1:1 which may indicate an excessive amount of resource tied up in either trade receivables or in the business bank account. (1) Conclusion Although both ratios indicate a positive liquidity position Bob should not be satisfied as the business needs to take action to return to the benchmark for each ratio (1) Accept any other appropriate responses	(5)

Question Number	Answer	Mark
2(c)	Award up to two marks for correct difference. Sample answer Profitability refers to the ability of a business to generate income relative to its expenditure (1) whereas liquidity refers to the ability of a business to pay its debts (1). Accept any other appropriate responses	(2)

Question Number	Answer	Mark
2(d)	Award 1 mark for identifying the correct concept plus up to three marks for development. Sample answer Concept Accruals/Matching (1) Explanation The accruals concept states that the revenue of an accounting period must be matched against the costs of the same period (1) By adjusting for other receivables and other payables a business will be able to present a more accurate view of the profit or loss for the year (1) and a more accurate view of the financial position of the business (1) Accept any other appropriate responses	(4)

TOTAL FOR QUESTION 2 = 25 MARKS
TOTAL MARKS FOR PAPER = 50 MARKS
