



Mark Scheme (Results)

November 2020

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

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Autumn 2020

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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)	<p>Award marks as indicated with label.</p> <table border="1" data-bbox="277 383 1323 1415"> <thead> <tr> <th colspan="3" data-bbox="277 383 1323 465" style="text-align: center;">Gurpreet Income statement for the year ended 31 December 2019</th> </tr> <tr> <th data-bbox="277 465 887 506"></th> <th data-bbox="887 465 1075 506" style="text-align: center;">\$</th> <th data-bbox="1075 465 1323 506" style="text-align: center;">\$</th> </tr> </thead> <tbody> <tr> <td data-bbox="277 506 887 546">Revenue</td> <td data-bbox="887 506 1075 546"></td> <td data-bbox="1075 506 1323 546" style="text-align: right;">81 385 (1)</td> </tr> <tr> <td data-bbox="277 546 887 586">Cost of sales</td> <td data-bbox="887 546 1075 586"></td> <td data-bbox="1075 546 1323 586"></td> </tr> <tr> <td data-bbox="277 586 887 627">Opening inventory</td> <td data-bbox="887 586 1075 627" style="text-align: right;">15 000 (1)</td> <td data-bbox="1075 586 1323 627"></td> </tr> <tr> <td data-bbox="277 627 887 667">Purchases</td> <td data-bbox="887 627 1075 667" style="text-align: right;">45 920 (1)</td> <td data-bbox="1075 627 1323 667"></td> </tr> <tr> <td data-bbox="277 667 887 707">Closing inventory</td> <td data-bbox="887 667 1075 707" style="text-align: right;">(12 000) (1)</td> <td data-bbox="1075 667 1323 707"></td> </tr> <tr> <td data-bbox="277 707 887 748"></td> <td data-bbox="887 707 1075 748"></td> <td data-bbox="1075 707 1323 748" style="text-align: right;">(48 920) (1of)</td> </tr> <tr> <td data-bbox="277 748 887 788">Gross profit</td> <td data-bbox="887 748 1075 788"></td> <td data-bbox="1075 748 1323 788" style="text-align: right;">32 465 (1of)</td> </tr> <tr> <td data-bbox="277 788 887 828">Add income</td> <td data-bbox="887 788 1075 828"></td> <td data-bbox="1075 788 1323 828"></td> </tr> <tr> <td data-bbox="277 828 887 869">Allowance for doubtful debts</td> <td data-bbox="887 828 1075 869"></td> <td data-bbox="1075 828 1323 869" style="text-align: right;">150 (1)</td> </tr> <tr> <td data-bbox="277 869 887 909">Profit on disposal of motor vehicle</td> <td data-bbox="887 869 1075 909"></td> <td data-bbox="1075 869 1323 909" style="text-align: right;">760 (3)</td> </tr> <tr> <td data-bbox="277 909 887 949">\$5 760 (1) - \$5 000 (1) = \$760 (1of)</td> <td data-bbox="887 909 1075 949"></td> <td data-bbox="1075 909 1323 949"></td> </tr> <tr> <td data-bbox="277 949 887 990"></td> <td data-bbox="887 949 1075 990"></td> <td data-bbox="1075 949 1323 990" style="text-align: right;">33 375</td> </tr> <tr> <td data-bbox="277 990 887 1030">Less expenses</td> <td data-bbox="887 990 1075 1030"></td> <td data-bbox="1075 990 1323 1030"></td> </tr> <tr> <td data-bbox="277 1030 887 1070">Irrecoverable debts</td> <td data-bbox="887 1030 1075 1070" style="text-align: right;">575 (1)</td> <td data-bbox="1075 1030 1323 1070"></td> </tr> <tr> <td data-bbox="277 1070 887 1111">Motor vehicles - depreciation charge</td> <td data-bbox="887 1070 1075 1111" style="text-align: right;">4 000 (2)</td> <td data-bbox="1075 1070 1323 1111"></td> </tr> <tr> <td data-bbox="277 1111 887 1151">\$40 000 (1) x 10%=\$4 000 (1of)</td> <td data-bbox="887 1111 1075 1151"></td> <td data-bbox="1075 1111 1323 1151"></td> </tr> <tr> <td data-bbox="277 1151 887 1191">Office expenses</td> <td data-bbox="887 1151 1075 1191" style="text-align: right;">15 500 (2)</td> <td data-bbox="1075 1151 1323 1191"></td> </tr> <tr> <td data-bbox="277 1191 887 1232">\$16 780 (1) - \$1 280=\$15 500 (1)</td> <td data-bbox="887 1191 1075 1232"></td> <td data-bbox="1075 1191 1323 1232"></td> </tr> <tr> <td data-bbox="277 1232 887 1272">Wages</td> <td data-bbox="887 1232 1075 1272" style="text-align: right;">25 500 (2)</td> <td data-bbox="1075 1232 1323 1272"></td> </tr> <tr> <td data-bbox="277 1272 887 1312">\$24 375 (1) + \$1 125=\$25 500 (1)</td> <td data-bbox="887 1272 1075 1312"></td> <td data-bbox="1075 1272 1323 1312"></td> </tr> <tr> <td data-bbox="277 1312 887 1352"></td> <td data-bbox="887 1312 1075 1352"></td> <td data-bbox="1075 1312 1323 1352" style="text-align: right;">(45 575) (1of)</td> </tr> <tr> <td data-bbox="277 1352 887 1393">Loss for the year</td> <td data-bbox="887 1352 1075 1393"></td> <td data-bbox="1075 1352 1323 1393" style="text-align: right;">12 200 (2/1of)</td> </tr> </tbody> </table>	Gurpreet Income statement for the year ended 31 December 2019				\$	\$	Revenue		81 385 (1)	Cost of sales			Opening inventory	15 000 (1)		Purchases	45 920 (1)		Closing inventory	(12 000) (1)				(48 920) (1of)	Gross profit		32 465 (1of)	Add income			Allowance for doubtful debts		150 (1)	Profit on disposal of motor vehicle		760 (3)	\$5 760 (1) - \$5 000 (1) = \$760 (1of)					33 375	Less expenses			Irrecoverable debts	575 (1)		Motor vehicles - depreciation charge	4 000 (2)		\$40 000 (1) x 10%=\$4 000 (1of)			Office expenses	15 500 (2)		\$16 780 (1) - \$1 280=\$15 500 (1)			Wages	25 500 (2)		\$24 375 (1) + \$1 125=\$25 500 (1)					(45 575) (1of)	Loss for the year		12 200 (2/1of)	(20)
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1 (b)	<p>Award 2 marks for points in favour and 2 marks for points against. Award 1 mark for decision.</p> <p>For example The new partner will provide additional capital (1) and new skills and expertise (1). However, Gurpreet has to share the profit (1) and will lose full control of decisions (1). Gurpreet should form a partnership (1).</p>	(5)

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2 (a)	<p>Award marks as indicated with label.</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th colspan="3" style="text-align: center;">Talmur and Soha</th> </tr> <tr> <th colspan="3" style="text-align: center;">Appropriation account for the year ended 31 March 2020</th> </tr> <tr> <th></th> <th style="text-align: center;">\$</th> <th style="text-align: center;">\$</th> </tr> </thead> <tbody> <tr> <td>Profit for the year</td> <td></td> <td style="text-align: right;">65 000</td> </tr> <tr> <td>Interest on drawings:</td> <td></td> <td></td> </tr> <tr> <td>Talmur</td> <td style="text-align: right;">1 000 (1)</td> <td></td> </tr> <tr> <td>Soha</td> <td style="text-align: right;">800 (1)</td> <td></td> </tr> <tr> <td></td> <td></td> <td style="text-align: right;">1 800</td> </tr> <tr> <td>Interest on capital:</td> <td></td> <td></td> </tr> <tr> <td>Talmur</td> <td style="text-align: right;">7 500 (1)</td> <td></td> </tr> <tr> <td>Soha</td> <td style="text-align: right;">5 000 (1)</td> <td></td> </tr> <tr> <td></td> <td></td> <td style="text-align: right;">(12 500)</td> </tr> <tr> <td>Salary:</td> <td></td> <td></td> </tr> <tr> <td>Talmur</td> <td></td> <td style="text-align: right;">(15 000) (1)</td> </tr> <tr> <td>Profit available for distribution</td> <td></td> <td style="text-align: right;">39 300</td> </tr> <tr> <td>Share of profit:</td> <td></td> <td></td> </tr> <tr> <td>Talmur</td> <td></td> <td style="text-align: right;">23 580 (1of)</td> </tr> <tr> <td>Soha</td> <td></td> <td style="text-align: right;">15 720 (1of)</td> </tr> <tr> <td></td> <td></td> <td style="text-align: right;"><u>39 300</u></td> </tr> </tbody> </table>	Talmur and Soha			Appropriation account for the year ended 31 March 2020				\$	\$	Profit for the year		65 000	Interest on drawings:			Talmur	1 000 (1)		Soha	800 (1)				1 800	Interest on capital:			Talmur	7 500 (1)		Soha	5 000 (1)				(12 500)	Salary:			Talmur		(15 000) (1)	Profit available for distribution		39 300	Share of profit:			Talmur		23 580 (1of)	Soha		15 720 (1of)			<u>39 300</u>	(7)
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2 (b)(i)	<p>Award 1 mark for each correct figure as indicated plus 1 mark for correct dates and details.</p> <p style="text-align: center;">Current Account - Talmur</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 15%;">Date</th> <th style="width: 25%;">Details</th> <th style="width: 10%;">\$</th> <th style="width: 15%;">Date</th> <th style="width: 25%;">Details</th> <th style="width: 10%;">\$</th> </tr> </thead> <tbody> <tr> <td>1 April 2019</td> <td>Balance b/d</td> <td>4 750</td> <td>31 March 2020</td> <td>Interest on capital</td> <td>7 500 (1of)</td> </tr> <tr> <td>31 March</td> <td>Drawings</td> <td>20 000</td> <td></td> <td>Salary</td> <td>15 000 (1)</td> </tr> <tr> <td></td> <td>Interest on drawings</td> <td>1 000 (1fb)</td> <td></td> <td>Share of profit</td> <td>23 580 (1of)</td> </tr> <tr> <td></td> <td>Balance c/d</td> <td>20 330</td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td></td> <td style="border-top: 1px solid black;">46 080</td> <td></td> <td></td> <td style="border-top: 1px solid black;">46 080</td> </tr> <tr> <td></td> <td></td> <td></td> <td>1 April 2020</td> <td>Balance b/d</td> <td>20 330 (1of)</td> </tr> </tbody> </table>	Date	Details	\$	Date	Details	\$	1 April 2019	Balance b/d	4 750	31 March 2020	Interest on capital	7 500 (1of)	31 March	Drawings	20 000		Salary	15 000 (1)		Interest on drawings	1 000 (1fb)		Share of profit	23 580 (1of)		Balance c/d	20 330						46 080			46 080				1 April 2020	Balance b/d	20 330 (1of)	(6)
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2 (b)(ii)	<p>Award 1 mark as indicated.</p> <p>There may be a share of loss (1).</p> <p>Or</p> <p>More drawings than available on the account (1).</p> <p>Accept other appropriate responses.</p>	(1)

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2 (c)	<p>Award 1 mark for an introduction, up to 3 marks for discussion on ratios and 1 mark for a conclusion.</p> <p>For example The partners are incorrect (1). The gross profit margin is unchanged over the two years indicating no change in either the selling price or cost price (1). The profit for the year as a percentage of revenue has increased indicating that the business is controlling their expenses adequately (1). The return on capital employed has decreased indicating that the business is not using the increase in capital employed effectively in generating profit (1). Overall profitability has declined (1).</p>	(5)

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2 (d)	<p>Award marks as indicated.</p> <table border="1"> <thead> <tr> <th>Transaction</th> <th>Increase</th> <th>Decrease</th> <th>No effect</th> </tr> </thead> <tbody> <tr> <td>Purchase of a non-current asset by cash</td> <td></td> <td>✓ (1)</td> <td></td> </tr> <tr> <td>Sale of a non-current asset on credit</td> <td>✓ (1)</td> <td></td> <td></td> </tr> <tr> <td>Non-current asset taken by owner for own use</td> <td></td> <td></td> <td>✓ (1)</td> </tr> <tr> <td>Purchase of inventory on credit</td> <td></td> <td></td> <td>✓ (1)</td> </tr> <tr> <td>Sale of inventory by cash</td> <td>✓ (1)</td> <td></td> <td></td> </tr> <tr> <td>Inventory taken by owner for own use</td> <td></td> <td>✓ (1)</td> <td></td> </tr> </tbody> </table>	Transaction	Increase	Decrease	No effect	Purchase of a non-current asset by cash		✓ (1)		Sale of a non-current asset on credit	✓ (1)			Non-current asset taken by owner for own use			✓ (1)	Purchase of inventory on credit			✓ (1)	Sale of inventory by cash	✓ (1)			Inventory taken by owner for own use		✓ (1)		(6)
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