Pearson Edexcel

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

	$	**$**
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	7 890**(1)**	
		32 890**(1of)**
Profit for the year		35 501**(1of)**

(20)

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.**	**(10)**

Bob
Statement of Financial Position at 29 February 2024

	$	**$**	**$**
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	(346)		
		8 144**(1)**	
Other receivables		600**(1)**	
Cash at bank		2 198	
Cash in hand		289	
			19 762**(1)**
Total assets			47062**(1of)**
Equity and liabilities			
Equity			
At 1 March 2023		30 000	
Profit for the year		8 083	
Drawings		(5 552)	
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			47062**(1of)**

Question Number	Answer	Mark
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