



Mark Scheme (Results)

Summer 2021

Pearson Edexcel GCSE 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.

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1(a)	<p><b>Award marks as indicated.</b></p> <p style="text-align: center;"><b>Leo</b></p> <p style="text-align: center;"><b>Manufacturing account for the year ended 31 March 2021</b></p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th style="text-align: center;">\$</th> <th style="text-align: center;">\$</th> <th></th> </tr> </thead> <tbody> <tr> <td>Opening inventory - raw materials</td> <td></td> <td style="text-align: right;">56 000</td> <td></td> </tr> <tr> <td>Purchases</td> <td style="text-align: right;">167 500</td> <td></td> <td></td> </tr> <tr> <td>Returns outwards</td> <td style="text-align: right;">(17 500)</td> <td></td> <td></td> </tr> <tr> <td></td> <td></td> <td style="text-align: right;">150 000</td> <td style="text-align: right;"><b>(1)</b></td> </tr> <tr> <td>Carriage inwards</td> <td></td> <td style="text-align: right;">1 300</td> <td style="text-align: right;"><b>(1)</b></td> </tr> <tr> <td>Closing inventory - raw materials</td> <td></td> <td style="text-align: right;">(44 000)</td> <td style="text-align: right;"><b>(1fb)</b></td> </tr> <tr> <td><b>Cost of raw materials consumed</b></td> <td></td> <td style="text-align: right;"><b>163 300</b></td> <td style="text-align: right;"><b>(1of)+W</b></td> </tr> <tr> <td>Direct wages</td> <td></td> <td style="text-align: right;">82 400</td> <td style="text-align: right;"><b>(1)</b></td> </tr> <tr> <td>Royalties</td> <td></td> <td style="text-align: right;">15 000</td> <td style="text-align: right;"><b>(1)</b></td> </tr> <tr> <td><b>Prime cost</b></td> <td></td> <td style="text-align: right;"><b>260 700</b></td> <td style="text-align: right;"><b>(1of)+W</b></td> </tr> <tr> <td>Depreciation - plant and machinery</td> <td style="text-align: right;">32 000</td> <td></td> <td style="text-align: right;"><b>(1)</b></td> </tr> <tr> <td>Depreciation - premises</td> <td style="text-align: right;">37 500</td> <td></td> <td style="text-align: right;"><b>(1)</b></td> </tr> <tr> <td>Indirect expenses</td> <td style="text-align: right;">79 500</td> <td></td> <td style="text-align: right;"><b>(1)</b></td> </tr> <tr> <td>Insurance</td> <td style="text-align: right;">8 500</td> <td></td> <td style="text-align: right;"><b>(1)</b></td> </tr> <tr> <td>Electricity</td> <td style="text-align: right;">13 500</td> <td></td> <td style="text-align: right;"><b>(1)</b></td> </tr> <tr> <td>Indirect wages</td> <td style="text-align: right;">85 000</td> <td></td> <td style="text-align: right;"><b>(1)</b></td> </tr> <tr> <td></td> <td></td> <td style="text-align: right;">256 000</td> <td></td> </tr> <tr> <td></td> <td></td> <td style="text-align: right;">516 700</td> <td></td> </tr> <tr> <td>Opening inventory - work in progress</td> <td style="text-align: right;">64 000</td> <td></td> <td></td> </tr> <tr> <td>Closing inventory - work in progress</td> <td style="text-align: right;">(68 400)</td> <td></td> <td></td> </tr> <tr> <td></td> <td></td> <td style="text-align: right;">(4 400)</td> <td style="text-align: right;"><b>(1fb)</b></td> </tr> <tr> <td><b>Production cost</b></td> <td></td> <td style="text-align: right;"><b>512 300</b></td> <td style="text-align: right;"><b>(1of)+W</b></td> </tr> </tbody> </table>		\$	\$		Opening inventory - raw materials		56 000		Purchases	167 500			Returns outwards	(17 500)					150 000	<b>(1)</b>	Carriage inwards		1 300	<b>(1)</b>	Closing inventory - raw materials		(44 000)	<b>(1fb)</b>	<b>Cost of raw materials consumed</b>		<b>163 300</b>	<b>(1of)+W</b>	Direct wages		82 400	<b>(1)</b>	Royalties		15 000	<b>(1)</b>	<b>Prime cost</b>		<b>260 700</b>	<b>(1of)+W</b>	Depreciation - plant and machinery	32 000		<b>(1)</b>	Depreciation - premises	37 500		<b>(1)</b>	Indirect expenses	79 500		<b>(1)</b>	Insurance	8 500		<b>(1)</b>	Electricity	13 500		<b>(1)</b>	Indirect wages	85 000		<b>(1)</b>			256 000				516 700		Opening inventory - work in progress	64 000			Closing inventory - work in progress	(68 400)					(4 400)	<b>(1fb)</b>	<b>Production cost</b>		<b>512 300</b>	<b>(1of)+W</b>	<b>(15)</b>
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### Additional Guidance

fb = For both opening and closing inventories.

of = own figure. Accuracy mark can be awarded where the candidate's answer does not match the mark scheme, though is accurate based on the correct method.

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#### **Additional Guidance**

Award revenue \$ 618 000 1 mark.

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1(c)	<p><b>Award 1 mark for stating whether Leo is correct or incorrect with justification and up to 4 marks for supporting evidence.</b></p> <p><b>Sample answer</b></p> <p>Leo is incorrect as both ratios have decreased indicating a deterioration in profitability <b>(1)</b></p> <p>This is supported by:</p> <ul style="list-style-type: none"> <li>• the decrease in gross profit percentage which may be due to a lower selling price <b>(1)</b> or an increase in cost price <b>(1)</b></li> <li>• the decrease in return on capital employed percentage which may be due to Leo introducing additional capital <b>(1)</b> or an increase in expenses <b>(1)</b>.</li> </ul>	<b>(5)</b>
<p><b>Additional Guidance</b></p> <p>The sample answer is not definitive. Award marks for appropriate comments relating to a decrease in profitability but NOT referenced to liquidity.</p>		

**(Total for Question 1 = 25 marks)**

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2(c)	<p><b>Award 1 mark for each correct figure plus 1 mark for all correct dates (any format) and details.</b></p> <p style="text-align: center;"><b>Equity Account</b></p> <table border="1" data-bbox="347 495 1337 1025"> <thead> <tr> <th>Date</th> <th>Details</th> <th>\$</th> <th>Date</th> <th>Details</th> <th>\$</th> </tr> </thead> <tbody> <tr> <td>31 March</td> <td>Drawings</td> <td>30 000 <b>(1)</b></td> <td>1 April</td> <td>Balance b/d</td> <td>79 000 <b>(1of)</b></td> </tr> <tr> <td></td> <td>Balance c/d</td> <td>56 270</td> <td>31 March</td> <td>Income statement/ profit for the year</td> <td>7 270 <b>(1of)</b></td> </tr> <tr> <td></td> <td></td> <td><u>86 270</u></td> <td></td> <td></td> <td><u>86 270</u></td> </tr> <tr> <td></td> <td></td> <td></td> <td>1 April</td> <td>Balance b/d</td> <td>56 270 <b>(1of)</b></td> </tr> </tbody> </table>	Date	Details	\$	Date	Details	\$	31 March	Drawings	30 000 <b>(1)</b>	1 April	Balance b/d	79 000 <b>(1of)</b>		Balance c/d	56 270	31 March	Income statement/ profit for the year	7 270 <b>(1of)</b>			<u>86 270</u>			<u>86 270</u>				1 April	Balance b/d	56 270 <b>(1of)</b>	<b>(5)</b>
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Question Number	Answer	Mark
2(d)(i)	<p><b>Award 1 mark for identifying the concept plus 1 mark for development.</b></p> <p><b>Sample answers</b></p> <p><b>Prudence (1)</b></p> <p>Introducing a provision for irrecoverable debts, ensures that her profit for the year/trade receivable are not overstated <b>(1)</b>.</p> <p><b>OR</b></p> <p><b>Accruals/matching (1)</b></p> <p>Introducing a provision for irrecoverable debts, ensures that the amount of sales which are unlikely to be paid are regarded as an expense in a year of sale <b>(1)</b>.</p>	<b>(2)</b>

Question Number	Answer	Mark
2(d)(ii)	<p><b>Award 1 mark for identifying the concept plus up to 2 marks for development.</b></p> <p><b>Sample answers</b></p> <p><b>Accruals/matching (1)</b></p> <p>This method is used for motor vehicle that have lower maintenance cost / greater benefits achieved in the earlier years <b>(1)</b> which ensures that the revenue of the accounting period is matched against the cost of the same period <b>(1)</b>.</p> <p><b>OR</b></p> <p><b>Consistency (1)</b></p> <p>Once a method has been selected it must be used consistently from one accounting period to the next <b>(1)</b> to ensure comparability of financial results <b>(1)</b>.</p>	<b>(3)</b>

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