



# Mark Scheme (Results)

Summer 2022

Pearson Edexcel 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.
- Crossed out work should be marked UNLESS the candidate has replaced it with an alternative response.

Question number	Answer	Mark																																																			
1(a)	<p data-bbox="252 331 598 365">Award marks as indicat</p> <table border="1" data-bbox="276 383 1324 1608"> <thead> <tr> <th colspan="3" data-bbox="276 383 1324 465"> <b>Sajjan</b>  <b>Income statement for the year ended 30 April 2022</b> </th> </tr> <tr> <th data-bbox="276 465 938 506"></th> <th data-bbox="938 465 1142 506">\$</th> <th data-bbox="1142 465 1324 506">\$</th> </tr> </thead> <tbody> <tr> <td data-bbox="276 506 938 589">Revenue / Sales 165 200 <b>(1)</b> or 216 900 <b>(2)</b></td> <td data-bbox="938 506 1142 589"></td> <td data-bbox="1142 506 1324 589">216 900 <b>(2)</b></td> </tr> <tr> <td data-bbox="276 589 938 640">Cost of sales</td> <td data-bbox="938 589 1142 640"></td> <td data-bbox="1142 589 1324 640"></td> </tr> <tr> <td data-bbox="276 640 938 723">Purchases 104 200 <b>(1)</b> or 146 700 <b>(2)</b></td> <td data-bbox="938 640 1142 723">146 700 <b>(2)</b></td> <td data-bbox="1142 640 1324 723"></td> </tr> <tr> <td data-bbox="276 723 938 779">Closing inventory</td> <td data-bbox="938 723 1142 779">(36 000)</td> <td data-bbox="1142 723 1324 779"></td> </tr> <tr> <td data-bbox="276 779 938 862"></td> <td data-bbox="938 779 1142 862"></td> <td data-bbox="1142 779 1324 862">(110 700)</td> </tr> <tr> <td data-bbox="276 862 938 945"><b>Gross profit</b></td> <td data-bbox="938 862 1142 945"></td> <td data-bbox="1142 862 1324 945">106 200 <b>(1of)</b></td> </tr> <tr> <td data-bbox="276 945 938 1001">Expenses</td> <td data-bbox="938 945 1142 1001"></td> <td data-bbox="1142 945 1324 1001"></td> </tr> <tr> <td data-bbox="276 1001 938 1057">Office expenses</td> <td data-bbox="938 1001 1142 1057">18 975</td> <td data-bbox="1142 1001 1324 1057"></td> </tr> <tr> <td data-bbox="276 1057 938 1113">Motor expenses</td> <td data-bbox="938 1057 1142 1113">5 000</td> <td data-bbox="1142 1057 1324 1113"></td> </tr> <tr> <td data-bbox="276 1113 938 1196">Rent and rates</td> <td data-bbox="938 1113 1142 1196">13 200 <b>(1)</b></td> <td data-bbox="1142 1113 1324 1196"></td> </tr> <tr> <td data-bbox="276 1196 938 1279">Wages and salaries</td> <td data-bbox="938 1196 1142 1279">31 000 <b>(1)</b></td> <td data-bbox="1142 1196 1324 1279"></td> </tr> <tr> <td data-bbox="276 1279 938 1361">Provision for irrecoverable debts</td> <td data-bbox="938 1279 1142 1361">2 585 <b>(1)</b></td> <td data-bbox="1142 1279 1324 1361"></td> </tr> <tr> <td data-bbox="276 1361 938 1444">Depreciation - motor vehicle</td> <td data-bbox="938 1361 1142 1444">2 000 <b>(1)</b></td> <td data-bbox="1142 1361 1324 1444"></td> </tr> <tr> <td data-bbox="276 1444 938 1527"></td> <td data-bbox="938 1444 1142 1527"></td> <td data-bbox="1142 1444 1324 1527">(72 760)</td> </tr> <tr> <td data-bbox="276 1527 938 1608"><b>Profit for the year</b></td> <td data-bbox="938 1527 1142 1608"></td> <td data-bbox="1142 1527 1324 1608">33 440 <b>(1)</b></td> </tr> </tbody> </table>	<b>Sajjan</b> <b>Income statement for the year ended 30 April 2022</b>				\$	\$	Revenue / Sales 165 200 <b>(1)</b> or 216 900 <b>(2)</b>		216 900 <b>(2)</b>	Cost of sales			Purchases 104 200 <b>(1)</b> or 146 700 <b>(2)</b>	146 700 <b>(2)</b>		Closing inventory	(36 000)				(110 700)	<b>Gross profit</b>		106 200 <b>(1of)</b>	Expenses			Office expenses	18 975		Motor expenses	5 000		Rent and rates	13 200 <b>(1)</b>		Wages and salaries	31 000 <b>(1)</b>		Provision for irrecoverable debts	2 585 <b>(1)</b>		Depreciation - motor vehicle	2 000 <b>(1)</b>				(72 760)	<b>Profit for the year</b>		33 440 <b>(1)</b>	(10)
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1(c)(i)	<p><b>Award 1 mark for explaining the concept plus marks as indicated for development.</b></p> <p><b>Sample answer</b></p> <p>Prudence concept states that profits and assets should not be overstated and losses and liabilities should not be understated<b>(1)</b>.</p> <p>Maintaining a provision for irrecoverable debts ensures that the profit for the year is not overstated <b>(1)</b> and trade receivables are not overstated <b>(1)</b>.</p>	<b>(3)</b>

Question number	Answer	Mark
1(c)(ii)	<p><b>Award 1 mark for explaining the concept plus marks as indicated for development.</b></p> <p><b>Sample answer</b></p> <p>Accruals concept states that revenue of the accounting period should be matched against the costs of the same period whether paid or not <b>(1)</b>.</p> <p>Maintaining a provision for irrecoverable debts ensures that the amount of sales which are unlikely to be paid are regarded as an expense in the year of sale <b>(1)</b>.</p>	<b>(2)</b>

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

Question number	Answer	Mark																																																									
2(a)	<p data-bbox="268 297 662 331"><b>Award marks as indicated.</b></p> <p data-bbox="427 331 1264 409" style="text-align: center;"><b>Carl and Ming</b> <b>Appropriation account for the year ended 31 March 2022</b></p> <table border="1" data-bbox="384 409 1284 1444"> <thead> <tr> <th></th> <th style="text-align: center;">\$</th> <th style="text-align: center;">\$</th> </tr> </thead> <tbody> <tr> <td>Draft profit for the year</td> <td></td> <td style="text-align: right;">42 140</td> </tr> <tr> <td>Bank loan interest</td> <td></td> <td style="text-align: right;">(250) <b>(1)</b></td> </tr> <tr> <td>Depreciation charge</td> <td></td> <td style="text-align: right;">(1 500) <b>(1)</b></td> </tr> <tr> <td>Updated profit for the year</td> <td></td> <td style="text-align: right;">40 390</td> </tr> <tr> <td>Interest on drawings</td> <td></td> <td></td> </tr> <tr> <td>Carl</td> <td style="text-align: right;">2 160 <b>(1)</b></td> <td></td> </tr> <tr> <td>Ming</td> <td style="text-align: right;">2 340 <b>(1)</b></td> <td></td> </tr> <tr> <td></td> <td></td> <td style="text-align: right;">4 500</td> </tr> <tr> <td>Interest on capital</td> <td></td> <td></td> </tr> <tr> <td>Carl</td> <td style="text-align: right;">(6 000) <b>(1)</b></td> <td></td> </tr> <tr> <td>Ming</td> <td style="text-align: right;">(4 000) <b>(1)</b></td> <td></td> </tr> <tr> <td></td> <td></td> <td style="text-align: right;">(10 000)</td> </tr> <tr> <td>Salary Ming</td> <td></td> <td style="text-align: right;">(18 000) <b>(1)</b></td> </tr> <tr> <td>Profit available for distribution</td> <td></td> <td style="text-align: right;">16 890</td> </tr> <tr> <td>Share of profit</td> <td></td> <td></td> </tr> <tr> <td>Carl</td> <td style="text-align: right;"><b>(1 of fb)</b> }</td> <td style="text-align: right;">8 445</td> </tr> <tr> <td>Ming</td> <td></td> <td style="text-align: right;">8 445</td> </tr> <tr> <td></td> <td></td> <td style="text-align: right;"><u>16 890</u></td> </tr> </tbody> </table>		\$	\$	Draft profit for the year		42 140	Bank loan interest		(250) <b>(1)</b>	Depreciation charge		(1 500) <b>(1)</b>	Updated profit for the year		40 390	Interest on drawings			Carl	2 160 <b>(1)</b>		Ming	2 340 <b>(1)</b>				4 500	Interest on capital			Carl	(6 000) <b>(1)</b>		Ming	(4 000) <b>(1)</b>				(10 000)	Salary Ming		(18 000) <b>(1)</b>	Profit available for distribution		16 890	Share of profit			Carl	<b>(1 of fb)</b> }	8 445	Ming		8 445			<u>16 890</u>	<b>(8)</b>
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2(b)(i)	<p><b>Award marks for each correct date, detail and amount in combination as indicated.</b></p> <p style="text-align: center;"><b>Current Account — Ming</b></p> <table border="1" style="width: 100%; border-collapse: collapse;"> <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 2022</td> <td>Drawings</td> <td>26 000 <b>(1)</b></td> <td>1 April 2021</td> <td>Balance b/d</td> <td>900 <b>(1)</b></td> </tr> <tr> <td></td> <td>Appropriation/ Interest on drawings</td> <td>2 340 <b>(1of)</b></td> <td>31 March 2022</td> <td>Appropriation/ Interest on capital</td> <td>4 000 <b>(1of)</b></td> </tr> <tr> <td></td> <td>Balance c/d</td> <td>3 005</td> <td></td> <td>Appropriation/ Salary</td> <td>18 000 <b>(1)</b></td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td>Appropriation/ Share of profit</td> <td>8 445 <b>(2/1of)</b></td> </tr> <tr> <td></td> <td></td> <td>31 345</td> <td></td> <td></td> <td>31 345</td> </tr> <tr> <td></td> <td></td> <td></td> <td>1 April 2022</td> <td>Balance b/d</td> <td>3 005 <b>(1of)</b></td> </tr> </tbody> </table>	Date	Details	\$	Date	Details	\$	31 March 2022	Drawings	26 000 <b>(1)</b>	1 April 2021	Balance b/d	900 <b>(1)</b>		Appropriation/ Interest on drawings	2 340 <b>(1of)</b>	31 March 2022	Appropriation/ Interest on capital	4 000 <b>(1of)</b>		Balance c/d	3 005		Appropriation/ Salary	18 000 <b>(1)</b>					Appropriation/ Share of profit	8 445 <b>(2/1of)</b>			31 345			31 345				1 April 2022	Balance b/d	3 005 <b>(1of)</b>	<b>(8)</b>
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2(b)(ii)	<p><b>Award mark as indicated.</b></p> <p>The amount owed by the partnership to the partner <b>(1)</b>.</p> <p><b>Accept any other appropriate responses.</b></p>	<b>(1)</b>

Question number	Answer	Mark
2(b)(iii)	<p><b>Award mark as indicated.</b></p> <p>The partner may have taken more money than allowed <b>(1)</b>.</p> <p><b>Accept any other appropriate responses.</b></p>	<b>(1)</b>



Question number	Answer	Mark						
2(c)(i)	<p><b>Award marks as indicated.</b></p> <table border="1"> <thead> <tr> <th>Ratio</th> <th>Formula</th> </tr> </thead> <tbody> <tr> <td>Current (working capital)</td> <td> <math display="block">\frac{\text{Current assets}}{\text{Current liabilities}}</math> <b>(1)</b> </td> </tr> <tr> <td>Liquid (acid test)</td> <td> <math display="block">\frac{(\text{Current assets} - \text{inventory})}{\text{Current liabilities}}</math> <b>(1)</b> </td> </tr> </tbody> </table>	Ratio	Formula	Current (working capital)	$\frac{\text{Current assets}}{\text{Current liabilities}}$ <b>(1)</b>	Liquid (acid test)	$\frac{(\text{Current assets} - \text{inventory})}{\text{Current liabilities}}$ <b>(1)</b>	<b>(2)</b>
Ratio	Formula							
Current (working capital)	$\frac{\text{Current assets}}{\text{Current liabilities}}$ <b>(1)</b>							
Liquid (acid test)	$\frac{(\text{Current assets} - \text{inventory})}{\text{Current liabilities}}$ <b>(1)</b>							

Question number	Answer	Mark
2(c)(ii)	<p><b>Award 1 mark for analysis of each ratio, 1 mark for development of each ratio and 1 mark for overall conclusion.</b></p> <p><b>Sample answer</b></p> <p>Although the current (working capital) ratio has deteriorated below the benchmark of 2:1 <b>(1)</b> the business can still pay their current liabilities as was the case last year <b>(1)</b>.</p> <p>The liquid (acid test) ratio has improved above the benchmark of 1:1 <b>(1)</b> indicating that the business can meet short-term debts as they become due, without the need to sell inventory <b>(1)</b>.</p> <p>Therefore, the partners are correct that the liquidity of the business has improved <b>(1)</b>.</p> <p><b>Accept any other appropriate responses.</b></p>	<b>(5)</b>

**(Total for Question 2 = 25 marks)**

**TOTAL FOR PAPER = 50 MARKS**

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