Mark Scheme (Results)

January 2023

Pearson Edexcel International GCSE
In Accounting (4AC1)
Paper 02 Financial Statements

Edexcel and BTEC Qualifications

Edexcel and BTEC qualifications are awarded by Pearson, the UK's largest awarding body. We provide a wide range of qualifications including academic, vocational, occupational and specific programmes for employers. For further information visit our qualifications websites at www.edexcel.com or www.btec.co.uk. Alternatively, you can get in touch with us using the details on our contact us page at www.edexcel.com/contactus.

Pearson: helping people progress, everywhere

Pearson aspires to be the world's leading learning company. Our aim is to help everyone progress in their lives through education. We believe in every kind of learning, for all kinds of people, wherever they are in the world. We've been involved in education for over 150 years, and by working across 70 countries, in 100 languages, we have built an international reputation for our commitment to high standards and raising achievement through innovation in education. Find out more about how we can help you and your students at: www.pearson.com/uk

January 2023
Question Paper Log Number P65887A
Publications Code 4AC1_02_MS_2301

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.

<table>
<tr><th>Question number</th><th>Answer</th><th>Mark</th></tr>
<tr><td>1(a)</td><td>Award marks as indicated.
<table>
<tr><td></td><td colspan="2">Manufacturing account</td><td colspan="2">Income statement</td></tr>
<tr><td></td><td>Prime cost</td><td>Factory overheads</td><td>Income</td><td>Expenditure</td></tr>
<tr><td>Wages- production staff</td><td>✓ (1)</td><td></td><td></td><td></td></tr>
<tr><td>Wages- office staff</td><td></td><td></td><td></td><td>✓ (1)</td></tr>
<tr><td>Wages- factory supervisor</td><td></td><td>✓ (1)</td><td></td><td></td></tr>
<tr><td>Carriage outwards</td><td></td><td></td><td></td><td>✓ (1)</td></tr>
<tr><td>Decrease in provision for irrecoverable debts</td><td></td><td></td><td>✓ (1)</td><td></td></tr>
<tr><td>Royalties paid</td><td>✓ (1)</td><td></td><td></td><td></td></tr>
</table></td><td>(6)</td></tr>
</table>

Question number	Answer	Mark
1(b)	**Award marks as indicated.**	(12)

Bella and Chand

Statement of financial position at 30 September 2022

Assets	**$**	**$**	**$**
Non-current assets	**Cost**	**Accumulated depreciation**	**Carrying value**
Property, plant and equipment	65 000	18 050	46 950 **(1)**
Current assets			
Inventories		38 800	
Trade receivables Working [$27 600 **(1) -** $380 = $27 220		27 220 **(2)**	
Bank		4 775	
Petty cash		125	
			70 920 **(1)**
Total assets			117 870 **(1)**
Equity and liabilities			
Equity	**Bella**	**Chand**	
Capital	50 000 **(1)**	50 000 **(1)**	100 000
Current	10 500 **(1)**	3 450 **(1)**	13 950
Total equity			113 950 **(1)**
Current liabilities			
Trade payables		3 490	
Other payables		430	
			3 920 **(1)**
Total equity and liabilities			117 870 **(1)**

<table>
<tr><th>Question number</th><th>Answer</th><th>Mark</th></tr>
<tr><td>1(c)(i)</td><td>Award marks as indicated.

<table>
<tr><th>Ratio</th><th>Formula</th></tr>
<tr><td>Profit for the year as a percentage of revenue</td><td>$\frac{\text{Profit for the year}}{\text{Revenue}} \times 100$
(1)</td></tr>
<tr><td>Return on capital employed</td><td>$\frac{\text{Profit for the year}}{\text{Capital employed.}} \times 100$
(1)</td></tr>
</table>
</td><td>(2)</td></tr>
</table>

Question number	Answer	Mark
1(c)(ii)	**Award up to 4 marks for discussion on both ratios and the final 1 mark for a conclusion related to the scenario.** **Sample answer** Profit for the year as a percentage of revenue has improved over the year **(1)** indicating a better control of expenses **(1).** The return on capital employed has worsened **(1)** indicating an inefficient use of resources **(1).** Overall, profitability has worsened **(1).**	**(5)**

(Total for Question 1 = 25 marks)

Question number	Answer	Mark
2(a)(i)	**Award marks as indicated.** $178 750 **(3) W** **W** **$** 167 650 (21 400) **(1)** <u>32 500</u> **(1)** <u>178 750</u> **(1of)**	**(3)**

Question number	Answer	Mark
2(a)(ii)	**Award marks as indicated.** $90 000 **(3) W** **W** **$** 92 750 (15 500) **(1)** <u>12 750</u> **(1)** <u>90 000</u> **(1of)**	**(3)**

Question number	Answer	Mark
2(b)	**Award marks as indicated with labels.**	

Yamini Income statement for the year ended 30 September 2022			
	$	**$**	
Revenue		178 750	**(1of)**
Cost of sales			
Opening inventory	25 750		**(1)**
Purchases	90 000		**(1of)**
Closing inventory	(27 460)		**(1)**
		(88 290)	**(1)**
Gross profit		90 460	**(1of)**
Other income			
Interest received		110	**(1)**
		90 570	
Expenses			
Depreciation charge	8 000		**(1)**
Office expenses	26 350		**(1)**
Wages	33 500		**(1)**
		(67 850)	**(1of)**
Profit for the year		22 720	**(1of)**

(12)

Question number	Answer	Mark
2(c)	**Award marks as indicated up to a maximum of 2 marks.** Consistency **(1)** Prudence **(1)** Accruals/matching **(1)** Materiality **(1)** Money measurement **(1)** Business entity **(1)** **Accept any other appropriate responses.**	(2)

Question number	Answer	Mark
2(d)	**Award up to 4 marks for discussion on both ratios and the final 1 mark for a conclusion related to the scenario.** **Sample answer.** The current ratio has increased in 2022 , meaning it will be able to pay short-term debts as they become due **(1)**. However, the business is not making efficient use of its current assets **(1)**. The liquid (acid test) ratio has worsened in 2022, meaning the business will have difficulty paying short-term debts without selling inventory **(1).** This could result in suppliers refusing to make further supplies to the business **(1)**. Therefore the business's short-term liquidity has worsened **(1)**. **Accept any other appropriate responses.**	**(5)**

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

Pearson Education Limited. Registered company number 872828
with its registered office at 80 Strand, London, WC2R 0RL, United Kingdom