



Mark Scheme (Results) Summer 2019

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

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Summer 2019

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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</p> <table border="1"> <thead> <tr> <th>Stakeholder</th> <th>Interest</th> </tr> </thead> <tbody> <tr> <td>Suppliers (1)</td> <td>Payment of outstanding amounts (1)</td> </tr> <tr> <td>Providers of external finance (1)</td> <td>To ensure that repayments will be made (1)</td> </tr> <tr> <td>Customers (1)</td> <td>To check on continuity of supply (1)</td> </tr> <tr> <td>Government (1)</td> <td>To monitor profit for tax purposes (1)</td> </tr> <tr> <td>Investors (1)</td> <td>To check the security of their investment (1)</td> </tr> <tr> <td>Owner (1)</td> <td>To check whether the business is making profits (1)</td> </tr> </tbody> </table> <p>Accept any other appropriate responses.</p>	Stakeholder	Interest	Suppliers (1)	Payment of outstanding amounts (1)	Providers of external finance (1)	To ensure that repayments will be made (1)	Customers (1)	To check on continuity of supply (1)	Government (1)	To monitor profit for tax purposes (1)	Investors (1)	To check the security of their investment (1)	Owner (1)	To check whether the business is making profits (1)	(4)
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Question number	Answer	Mark												
1(b)(i)	<p>Award marks as indicated</p> <p>\$53 800 (6) W</p> <p>W</p> <p>\$</p> <p>47 600 (1)</p> <p>4 400 (1)</p> <p>(3 800) (1)</p> <p>3 600 (1)</p> <p><u>2 000</u> (1)</p> <p><u>53 800</u> (1of)</p> <p>OR</p> <p>\$53 800 (6) W</p> <p>W</p> <table border="1"> <tbody> <tr> <td>Balance b/d</td> <td>3 800 (1)</td> <td>Cash book</td> <td>47 600 (1)</td> </tr> <tr> <td>Credit sales</td> <td>48 200</td> <td>Balance c/d</td> <td>4 400 (1)</td> </tr> <tr> <td></td> <td>52 000</td> <td></td> <td>52 000</td> </tr> </tbody> </table> <p>\$48 200 + \$3 600 (1) + 2 000 (1) = \$53 800 (1of)</p>	Balance b/d	3 800 (1)	Cash book	47 600 (1)	Credit sales	48 200	Balance c/d	4 400 (1)		52 000		52 000	(6)
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1(b)(ii)	<p>Award marks as indicated</p> <p>\$37 900 (4) W W \$ 38 200 (1) 1 600 (1) <u>(1 900) (1)</u> <u>37 900 (1of)</u></p> <p>OR</p> <p>\$37 900 (4) W W</p> <table border="1" data-bbox="453 801 1251 994"> <tbody> <tr> <td>Cash book</td> <td>38 200 (1)</td> <td>Balance b/d</td> <td>1 900 (1)</td> </tr> <tr> <td>Balance c/d</td> <td>1 600 (1)</td> <td>Purchases</td> <td>37 900 (1of)</td> </tr> <tr> <td></td> <td>39 800</td> <td></td> <td>39 800</td> </tr> </tbody> </table>	Cash book	38 200 (1)	Balance b/d	1 900 (1)	Balance c/d	1 600 (1)	Purchases	37 900 (1of)		39 800		39 800	(4)
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1(c)	<p>Award marks as shown. Award 1 mark for all correct labels.</p> <p style="text-align: center;">Abel Income statement for the year ended 31 March 2019</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th></th> <th style="text-align: center;">\$</th> <th style="text-align: center;">\$</th> </tr> </thead> <tbody> <tr> <td>Revenue</td> <td></td> <td style="text-align: right;">53 800 (1of)</td> </tr> <tr> <td>Cost of sales</td> <td></td> <td></td> </tr> <tr> <td> Opening inventory</td> <td style="text-align: right;">8 600 (1)</td> <td></td> </tr> <tr> <td> Purchases</td> <td style="text-align: right;"><u>37 900</u>(1of)</td> <td></td> </tr> <tr> <td></td> <td style="text-align: right;">46 500</td> <td></td> </tr> <tr> <td> Closing inventory</td> <td style="text-align: right;"><u>(9 000) (1)</u></td> <td></td> </tr> <tr> <td></td> <td></td> <td style="text-align: right;"><u>(37 500)</u></td> </tr> <tr> <td>Gross profit</td> <td></td> <td style="text-align: right;">16 300 (1of)</td> </tr> </tbody> </table>		\$	\$	Revenue		53 800 (1of)	Cost of sales			Opening inventory	8 600 (1)		Purchases	<u>37 900</u> (1of)			46 500		Closing inventory	<u>(9 000) (1)</u>				<u>(37 500)</u>	Gross profit		16 300 (1of)	(6)
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1(d)	<p>Award up to 4 marks for comments on the change in liquidity and 1 mark for overall evaluation.</p> <p>Sample answer</p> <p>Over the year liquidity has deteriorated (1) though both ratios are still satisfactory (1).</p> <p>Current (working capital) ratio indicates that the business was able to pay off its short-term liabilities in both years (1).</p> <p>Liquid (acid test) ratio indicates that the business may have difficulty paying off its immediate debts without having to sell inventory (1).</p> <p>Abel must take appropriate steps to improve his liquidity (1).</p>	(5)

(TOTAL FOR QUESTION 1 = 25 marks)

Question number	Answer	Mark																												
2(a)	<p data-bbox="357 271 775 304">Award marks as indicated</p> <table border="1" data-bbox="357 353 1342 1581"> <thead> <tr> <th data-bbox="357 353 632 528">Item</th> <th data-bbox="632 353 903 528">Manufacturing account</th> <th data-bbox="903 353 1098 528">Income statement</th> <th data-bbox="1098 353 1342 528">Statement of financial position</th> </tr> </thead> <tbody> <tr> <td data-bbox="357 528 632 703">Accumulated depreciation – plant and machinery</td> <td data-bbox="632 528 903 703"></td> <td data-bbox="903 528 1098 703"></td> <td data-bbox="1098 528 1342 703">✓ (1)</td> </tr> <tr> <td data-bbox="357 703 632 878">Carriage outwards</td> <td data-bbox="632 703 903 878"></td> <td data-bbox="903 703 1098 878">✓ (1)</td> <td data-bbox="1098 703 1342 878"></td> </tr> <tr> <td data-bbox="357 878 632 1052">Factory supervisor’s salary</td> <td data-bbox="632 878 903 1052">✓ (1)</td> <td data-bbox="903 878 1098 1052"></td> <td data-bbox="1098 878 1342 1052"></td> </tr> <tr> <td data-bbox="357 1052 632 1227">Purchase of finished goods</td> <td data-bbox="632 1052 903 1227"></td> <td data-bbox="903 1052 1098 1227">✓ (1)</td> <td data-bbox="1098 1052 1342 1227"></td> </tr> <tr> <td data-bbox="357 1227 632 1402">Returns outwards</td> <td data-bbox="632 1227 903 1402">✓ (1)</td> <td data-bbox="903 1227 1098 1402"></td> <td data-bbox="1098 1227 1342 1402"></td> </tr> <tr> <td data-bbox="357 1402 632 1576">Royalties paid</td> <td data-bbox="632 1402 903 1576">✓ (1)</td> <td data-bbox="903 1402 1098 1576"></td> <td data-bbox="1098 1402 1342 1576"></td> </tr> </tbody> </table>	Item	Manufacturing account	Income statement	Statement of financial position	Accumulated depreciation – plant and machinery			✓ (1)	Carriage outwards		✓ (1)		Factory supervisor’s salary	✓ (1)			Purchase of finished goods		✓ (1)		Returns outwards	✓ (1)			Royalties paid	✓ (1)			(6)
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2(b)	<p>Award marks as indicated. Award one mark for all correct labels.</p> <p style="text-align: center;">Dumadi Manufacturing account for the year ended 31 March 2019</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 70%;"></th> <th style="width: 15%; text-align: center;">\$</th> <th style="width: 15%; text-align: center;">\$</th> </tr> </thead> <tbody> <tr> <td>Prime cost</td> <td></td> <td style="text-align: right;">274 410</td> </tr> <tr> <td>Overhead costs</td> <td></td> <td></td> </tr> <tr> <td>Indirect factory wages</td> <td style="text-align: right;">16 320(1)</td> <td></td> </tr> <tr> <td>Light, heat and power</td> <td style="text-align: right;">9 620 (1)</td> <td></td> </tr> <tr> <td>Rent, rates and insurance</td> <td style="text-align: right;">25 200(1)</td> <td></td> </tr> <tr> <td>Depreciation – plant and machinery</td> <td style="text-align: right;"><u>9 400(1)</u></td> <td></td> </tr> <tr> <td></td> <td></td> <td style="text-align: right;"><u>60 540</u></td> </tr> <tr> <td></td> <td></td> <td style="text-align: right;">344 950 (1of)</td> </tr> <tr> <td>Add: opening work in progress</td> <td style="text-align: right;">3 600(1)</td> <td></td> </tr> <tr> <td>Less: closing work in progress</td> <td style="text-align: right;"><u>(3 200)(1)</u></td> <td style="text-align: right;"><u>400</u></td> </tr> <tr> <td>Production cost / cost of production</td> <td></td> <td style="text-align: right;"><u>335 350</u> (1of)</td> </tr> </tbody> </table>		\$	\$	Prime cost		274 410	Overhead costs			Indirect factory wages	16 320 (1)		Light, heat and power	9 620 (1)		Rent, rates and insurance	25 200 (1)		Depreciation – plant and machinery	<u>9 400(1)</u>				<u>60 540</u>			344 950 (1of)	Add: opening work in progress	3 600 (1)		Less: closing work in progress	<u>(3 200)(1)</u>	<u>400</u>	Production cost / cost of production		<u>335 350</u> (1of)	(9)
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	Increase	Decrease	No effect															
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2(d)	<p>Award up to 4 marks for comments and 1 mark for a conclusion.</p> <p>Sample answer</p> <p>Dumadi uses the reducing balance method to depreciate his plant and machinery as this is the most suitable method for this type of asset (1).</p> <p>This method may have been chosen because his plant and machinery may become out of date quickly (1) or the asset may have lower maintenance cost in the early years (1) or there may be greater benefits to the business from the use of the asset in the early years (1).</p> <p>If Dumadi had chosen the straight line method, the same amount of depreciation would have been charged each year (1).</p>	(5)

Question number	Answer	Mark
2(e)	<p>Award marks as indicated. Maximum 2 marks.</p> <p>Wear and tear (1) Obsolescence (1) Passage of time (1) Depletion (1)</p> <p>Allow other appropriate responses</p>	(2)

(TOTAL FOR QUESTION 2 = 25 marks)

TOTAL FOR PAPER = 50 MARKS