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Mark Scheme (Results)

Summer 2022

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

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Question number	Answer	Mark
1(a)(i)	**Award marks as indicated.**	

Dina
Manufacturing account for the year ended 31 March 2022

	$	$	
Opening inventory - raw materials		9 640	
Purchases		98 400	**(1)**
Closing inventory - raw materials		(10 400)	**(1fb)**
Cost of raw materials consumed		97 640	**(1of)**
Direct wages		38 400	**(1)**
Royalties		1 780	**(1)**
Prime cost		137 820	**(1of)**
Factory overheads			
Depreciation charge - plant and machinery	17 200		**(1)**
Indirect wages	27 000		**(1)**
Insurance	3 200		**(1)**
Electricity	7 800		**(1)**
Factory rent	12 000		**(1)**
		67 200	
		205 020	
Opening inventory - work in progress	4 200		
Closing inventory - work in progress	(4 430)		
		(230)	**(1)**
Production cost		204 790	**(1of)**

(13)

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Question number	Answer	Mark
1(a)(ii)	**Award marks as indicated.** **Dina** **Income statement for the year ended 31 March 2022**	**(4)**

	$	$
Revenue		385 000 **(1)**
Cost of sales		
Opening inventory — finished goods	6 750	
Production cost	204 790 **(1of)**	
	211 540	
Closing inventory — finished goods	(5 850) **(1fb)**	
Cost of goods sold		205 690
Gross profit		179 310 **(1of)**

Question number	Answer	Mark
1(b)(i)	**Award marks as indicated.**	**(3)**

Ratio	Formula
Gross profit percentage	Gross profit X 100 Revenue **(1)**
Profit for the year as a percentage of revenue	Profit for the year X 100 Revenue **(1)**
Return on capital employed.	Profit for the year X 100 Capital employed **(1)**

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Question number	Answer	Mark
1(b)(ii)	**Award 1 mark for analysis of each ratio, 2 marks for development of the ratios and 1 mark for overall conclusion.** **Sample answer** The decrease in gross profit percentage may be due to a lower selling price and/or a higher cost of sales **(1).** Despite the fall in the gross profit percentage, the profit for the year as a percentage of revenue and the return on capital employed both improved **(1)** indicating better control over expenses **(1)** and more efficient use of resources **(1)**. So, Dina's statement is incorrect **(1)**. **Accept any other appropriate responses.**	**(5)**

(Total for Question 1 = 25 marks)

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<table>
<tr><th>Question number</th><th>Answer</th><th>Mark</th></tr>
<tr><td>2(a)</td><td>
Award marks as indicated.
Ali
Income statement for the year ended 30 April 2022
<table>
<tr><th></th><th>$</th><th>$</th></tr>
<tr><td>Income</td><td></td><td>72 160
(1)</td></tr>
<tr><td>Wages</td><td>15 710
(1)</td><td></td></tr>
<tr><td>Fuel W1</td><td>8 310
(2)</td><td></td></tr>
<tr><td>Insurance</td><td>550
(1)</td><td></td></tr>
<tr><td>Depreciation</td><td>6 000
(1)</td><td></td></tr>
<tr><td>Office rent and rates W2</td><td>7 200
(2)</td><td></td></tr>
<tr><td>Irrecoverable debts</td><td>70
(1)</td><td></td></tr>
<tr><td>Provision for irrecoverable debts</td><td>20
(1)</td><td></td></tr>
<tr><td>Bank interest</td><td>40
(1)</td><td>37 900</td></tr>
<tr><td>Profit for the year</td><td></td><td>34 260
(1of)</td></tr>
</table>
W1 $8 310 (2)

$8 140 + ($480 - $310) (1) = $8 310 (1of)

W2 $7 200 (2)

$7 800 + ($600 - $1 200) (1) = $7 200 (1of)
</td><td>(12)</td></tr>
</table>

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

Ali
Statement of financial position at 30 April 2022

Assets	**$**	**$**	**$**
Non-current assets	**Cost**	**Accumulated depreciation**	**Carrying value**
Motor vehicle	34 000	18 000	16 000 **(1of)**
Current assets			
Trade receivables	3 200		
Provision for irrecoverable debts	(160)	3 040 **(1of)**	
Other receivables		1 310	4 350 **(1of)**
Total assets			20 350
Equity and liabilities			
Equity			
Opening equity		17 100 **(1)**	
Profit for the year		34 260	
Drawings		(35 350)	
Total equity			16 010 **(1of)**
Non-current liabilities			
Bank loan			1 800 **(1)**
Current liabilities			
Other payables		480	
Bank overdraft		2 060	
			2 540 **(1)**
Total liabilities			4 340
Total equity and liabilities			20 350 **(1of fb)**

(8)

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Question number	Answer	Mark
2(c)(i)	**Award 1 mark for explaining the concept plus marks as indicated for development.** **Sample answer** Prudence concept states that profits and assets should not be overstated and losses and liabilities should not be understated**(1)**. Writing off an irrecoverable debt ensures that the net profit/profit for the year is not overstated **(1)** and trade receivables are not overstated **(1)**. **Accept any other appropriate responses.**	**(3)**

Question number	Answer	Mark
2(c)(ii)	**Award 1 mark for explaining the concept plus 1 mark as indicated for development.** **Sample answer** Accruals concept states that revenue of the accounting period should be matched against the costs of the same period whether paid or not **(1)**. Providing for depreciation ensures that the costs of the motor vehicle are matched with the income/benefits earned during the same period **(1).** **Accept any other appropriate responses.**	**(2)**

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

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