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Mark Scheme (Results)

November 2023

Pearson Edexcel International GCSE 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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Question Number	Answer	Mark
1(a)(i)	**Award marks as indicated.**	**(11)**

Yola
Manufacturing account for the year ended 31 March 2023

	$	**$**
Raw materials		
Opening inventory of raw materials	12 980	
Purchases	186 500	
Carriage inwards	1 610	
Closing inventory of raw materials	(19 170)	
Cost of raw materials consumed		181 920 **(1)**
Direct expenses/royalties		12 000 **(1)**
Direct wages		95 600 **(1)**
Prime cost		289 520 **(1)**
Overheads		
Electricity	10 500 **(1)**	
Insurance	5 600 **(1)**	
Rent	57 400 **(1)**	
Supervisor wages	37 750 **(1)**	
Depreciation – production machinery	25 100 **(1)**	136 350
		425 870
Opening inventory of work in progress	12 340	
Closing inventory of work in progress	(11 170)	1 170 **(1fb)**
Production cost		427 040 **(1)**

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<table>
<tr><th>Question Number</th><th>Answer</th><th>Mark</th></tr>
<tr><td>1(a)(ii)</td><td>Award marks as indicated.

Yola
Income statement for the year ended 31 March 2023

<table>
<tr><th></th><th>$</th><th>$</th></tr>
<tr><td>Revenue</td><td></td><td>827 500 (1)</td></tr>
<tr><td>Cost of sales</td><td></td><td></td></tr>
<tr><td>Opening inventory of finished goods</td><td>20 100</td><td></td></tr>
<tr><td>Production cost</td><td>427 040 (1of)</td><td></td></tr>
<tr><td>Closing inventory of finished goods</td><td>(37 800) (1fb)</td><td></td></tr>
<tr><td></td><td></td><td>(409 340)(1)</td></tr>
<tr><td>Gross profit</td><td></td><td>418 160 (1of)</td></tr>
<tr><td>Carriage outwards</td><td>2 390</td><td></td></tr>
<tr><td>Electricity</td><td>4 500 (1)</td><td></td></tr>
<tr><td>Insurance</td><td>2 400 (1)</td><td></td></tr>
<tr><td>Wages</td><td>21 500 (1)</td><td></td></tr>
<tr><td></td><td></td><td>(30 790)</td></tr>
<tr><td>Profit for the year</td><td></td><td>387 370 (1of)</td></tr>
</table>
</td><td>(9)</td></tr>
</table>

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Question Number	Answer	Mark
1(b)(i)	**Award 1 mark for identification and 1 mark for linked development.** The current ratio has deteriorated **(1)** indicating that Yola may find it difficult to meet short term debts as they become due **(1)** **Accept any other appropriate responses**	**(2)**

Question Number	Answer	Mark
1(b)(ii)	**Award 1 mark for identification and up to 2 marks for limited development.** Yola may invest additional capital **(1)** which will result in current assets increasing **(1)** with no effect on current liabilities **(1)** **Accept any other appropriate responses**	**(3)**

TOTAL FOR QUESTION 1 = 25 MARKS

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Question Number	Answer	Mark
2(a)	**Award marks as indicated for calculation.** $144 605 **(3) W** **W** $171 105 **(1)** – 26 500 **(1)** = $144 605 **(1of)**	**(3)**

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

Ed
Statement of financial position at 30 April 2023

Assets	**$**	**$**
Non-current assets		
Fixtures and fittings		178 175 **(1)**
Current assets		
Inventory		17 600 **(1)**
Trade receivables	85 500 **(1of)**	
Allowance for irrecoverable debts	(1 710) **(1)**	83 790**(1)**
		101 390
Total assets		279 565**(1of)**
Equity and liabilities		
Equity		
At 1 May 2022	144 605 **(1of)**	
Profit for the year **W1**	42 960 **(2)**	
Drawings	(6 090) **(1)**	
Total equity		181 475**(1of)**
Non-current liabilities		
Bank loan		75 000 **(1)**
Current liabilities		
Trade payables	18 540 **(1)**	
Other payables	1 900 **(1)**	
Bank overdraft	2 650 **(1)**	23 090
Total liabilities		98 090 **(1)**
Total equity and liabilities		279 565**(1of)**

W1 45 670 **(1)** – 2 710 **(1)** = $42 960

(17)

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Question Number	Answer	Mark
2(c)	**Award (1) mark for identification of a disadvantage and a further (1) mark for development of the response. A further (1) mark to be awarded for any appropriate conclusion. (Max 5)** **Sample answer** The cost **(1)** of the hardware and software may require a fresh injection of capital **(1). (**Candidates may also refer to the cost of training staff or the cost of making staff redundant.) There is a risk **(1)** that data may be lost or corrupted due to computer viruses **(1).** Therefore Ed's business may not benefit from this investment. **(1)** **Accept any other appropriate responses**	**(5)**
Additional Guidance for Markers Where a candidate only provides a list award Max **(2)**		

TOTAL FOR QUESTION 2 = 25 MARKS

TOTAL MARKS FOR PAPER = 50 MARKS