



Mark Scheme (Results)

November 2020

Pearson Edexcel International GCSE
In Accounting (4AC1)
Paper 2R: Financial Statements

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Autumn 2020

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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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1 (a)	<p>Award marks as indicated with label.</p> <table border="1" data-bbox="279 383 1323 1413"> <thead> <tr> <th colspan="3" data-bbox="279 383 1323 465" style="text-align: center;">Gurpreet Income statement for the year ended 31 December 2019</th> </tr> <tr> <th data-bbox="279 465 887 506"></th> <th data-bbox="887 465 1075 506" style="text-align: center;">\$</th> <th data-bbox="1075 465 1323 506" style="text-align: center;">\$</th> </tr> </thead> <tbody> <tr> <td data-bbox="279 506 887 546">Revenue</td> <td data-bbox="887 506 1075 546"></td> <td data-bbox="1075 506 1323 546" style="text-align: right;">81 385 (1)</td> </tr> <tr> <td data-bbox="279 546 887 586">Cost of sales</td> <td data-bbox="887 546 1075 586"></td> <td data-bbox="1075 546 1323 586"></td> </tr> <tr> <td data-bbox="279 586 887 627">Opening inventory</td> <td data-bbox="887 586 1075 627" style="text-align: right;">15 000 (1)</td> <td data-bbox="1075 586 1323 627"></td> </tr> <tr> <td data-bbox="279 627 887 667">Purchases</td> <td data-bbox="887 627 1075 667" style="text-align: right;">45 920 (1)</td> <td data-bbox="1075 627 1323 667"></td> </tr> <tr> <td data-bbox="279 667 887 707">Closing inventory</td> <td data-bbox="887 667 1075 707" style="text-align: right;">(12 000) (1)</td> <td data-bbox="1075 667 1323 707"></td> </tr> <tr> <td data-bbox="279 707 887 748"></td> <td data-bbox="887 707 1075 748"></td> <td data-bbox="1075 707 1323 748" style="text-align: right;">(48 920) (1of)</td> </tr> <tr> <td data-bbox="279 748 887 788">Gross profit</td> <td data-bbox="887 748 1075 788"></td> <td data-bbox="1075 748 1323 788" style="text-align: right;">32 465 (1of)</td> </tr> <tr> <td data-bbox="279 788 887 828">Add income</td> <td data-bbox="887 788 1075 828"></td> <td data-bbox="1075 788 1323 828"></td> </tr> <tr> <td data-bbox="279 828 887 869">Allowance for doubtful debts</td> <td data-bbox="887 828 1075 869"></td> <td data-bbox="1075 828 1323 869" style="text-align: right;">150 (1)</td> </tr> <tr> <td data-bbox="279 869 887 958">Profit on disposal of motor vehicle \$5 760 (1) - \$5 000 (1) = \$760 (1of)</td> <td data-bbox="887 869 1075 958"></td> <td data-bbox="1075 869 1323 958" style="text-align: right;">760 (3)</td> </tr> <tr> <td data-bbox="279 958 887 999"></td> <td data-bbox="887 958 1075 999"></td> <td data-bbox="1075 958 1323 999" style="text-align: right;">33 375</td> </tr> <tr> <td data-bbox="279 999 887 1039">Less expenses</td> <td data-bbox="887 999 1075 1039"></td> <td data-bbox="1075 999 1323 1039"></td> </tr> <tr> <td data-bbox="279 1039 887 1079">Irrecoverable debts</td> <td data-bbox="887 1039 1075 1079" style="text-align: right;">575 (1)</td> <td data-bbox="1075 1039 1323 1079"></td> </tr> <tr> <td data-bbox="279 1079 887 1169">Motor vehicles - depreciation charge \$40 000 (1) x 10%=\$4 000 (1of)</td> <td data-bbox="887 1079 1075 1169" style="text-align: right;">4 000 (2)</td> <td data-bbox="1075 1079 1323 1169"></td> </tr> <tr> <td data-bbox="279 1169 887 1258">Office expenses \$16 780 (1) - \$1 280=\$15 500 (1)</td> <td data-bbox="887 1169 1075 1258" style="text-align: right;">15 500 (2)</td> <td data-bbox="1075 1169 1323 1258"></td> </tr> <tr> <td data-bbox="279 1258 887 1348">Wages \$24 375 (1) + \$1 125=\$25 500 (1)</td> <td data-bbox="887 1258 1075 1348" style="text-align: right;">25 500 (2)</td> <td data-bbox="1075 1258 1323 1348"></td> </tr> <tr> <td data-bbox="279 1348 887 1388"></td> <td data-bbox="887 1348 1075 1388"></td> <td data-bbox="1075 1348 1323 1388" style="text-align: right;">(45 575) (1of)</td> </tr> <tr> <td data-bbox="279 1388 887 1429">Loss for the year</td> <td data-bbox="887 1388 1075 1429"></td> <td data-bbox="1075 1388 1323 1429" style="text-align: right;">12 200 (2/1of)</td> </tr> </tbody> </table>	Gurpreet Income statement for the year ended 31 December 2019				\$	\$	Revenue		81 385 (1)	Cost of sales			Opening inventory	15 000 (1)		Purchases	45 920 (1)		Closing inventory	(12 000) (1)				(48 920) (1of)	Gross profit		32 465 (1of)	Add income			Allowance for doubtful debts		150 (1)	Profit on disposal of motor vehicle \$5 760 (1) - \$5 000 (1) = \$760 (1of)		760 (3)			33 375	Less expenses			Irrecoverable debts	575 (1)		Motor vehicles - depreciation charge \$40 000 (1) x 10%=\$4 000 (1of)	4 000 (2)		Office expenses \$16 780 (1) - \$1 280=\$15 500 (1)	15 500 (2)		Wages \$24 375 (1) + \$1 125=\$25 500 (1)	25 500 (2)				(45 575) (1of)	Loss for the year		12 200 (2/1of)	(20)
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1 (b)	<p>Award 2 marks for points in favour and 2 marks for points against. Award 1 mark for decision.</p> <p>For example The new partner will provide additional capital (1) and new skills and expertise (1). However, Gurpreet has to share the profit (1) and will lose full control of decisions (1). Gurpreet should form a partnership (1).</p>	(5)

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2 (a)	<p>Award marks as indicated with label.</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th colspan="3" style="text-align: center;">Talmur and Soha</th> </tr> <tr> <th colspan="3" style="text-align: center;">Appropriation account for the year ended 31 March 2020</th> </tr> <tr> <th></th> <th style="text-align: center;">\$</th> <th style="text-align: center;">\$</th> </tr> </thead> <tbody> <tr> <td>Profit for the year</td> <td></td> <td style="text-align: right;">65 000</td> </tr> <tr> <td>Interest on drawings:</td> <td></td> <td></td> </tr> <tr> <td>Talmur</td> <td style="text-align: right;">1 000 (1)</td> <td></td> </tr> <tr> <td>Soha</td> <td style="text-align: right;">800 (1)</td> <td></td> </tr> <tr> <td></td> <td></td> <td style="text-align: right;">1 800</td> </tr> <tr> <td>Interest on capital:</td> <td></td> <td></td> </tr> <tr> <td>Talmur</td> <td style="text-align: right;">7 500 (1)</td> <td></td> </tr> <tr> <td>Soha</td> <td style="text-align: right;">5 000 (1)</td> <td></td> </tr> <tr> <td></td> <td></td> <td style="text-align: right;">(12 500)</td> </tr> <tr> <td>Salary:</td> <td></td> <td></td> </tr> <tr> <td>Talmur</td> <td></td> <td style="text-align: right;">(15 000) (1)</td> </tr> <tr> <td>Profit available for distribution</td> <td></td> <td style="text-align: right;">39 300</td> </tr> <tr> <td>Share of profit:</td> <td></td> <td></td> </tr> <tr> <td>Talmur</td> <td></td> <td style="text-align: right;">23 580 (1of)</td> </tr> <tr> <td>Soha</td> <td></td> <td style="text-align: right;">15 720 (1of)</td> </tr> <tr> <td></td> <td></td> <td style="text-align: right;"><u>39 300</u></td> </tr> </tbody> </table>	Talmur and Soha			Appropriation account for the year ended 31 March 2020				\$	\$	Profit for the year		65 000	Interest on drawings:			Talmur	1 000 (1)		Soha	800 (1)				1 800	Interest on capital:			Talmur	7 500 (1)		Soha	5 000 (1)				(12 500)	Salary:			Talmur		(15 000) (1)	Profit available for distribution		39 300	Share of profit:			Talmur		23 580 (1of)	Soha		15 720 (1of)			<u>39 300</u>	(7)
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2 (b)(i)	<p>Award 1 mark for each correct figure as indicated plus 1 mark for correct dates and details.</p> <p style="text-align: center;">Current Account - Talmur</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>1 April 2019</td> <td>Balance b/d</td> <td>4 750</td> <td>31 March 2020</td> <td>Interest on capital</td> <td>7 500 (1of)</td> </tr> <tr> <td>31 March</td> <td>Drawings</td> <td>20 000</td> <td></td> <td>Salary</td> <td>15 000 (1)</td> </tr> <tr> <td></td> <td>Interest on drawings</td> <td>1 000 (1fb)</td> <td></td> <td>Share of profit</td> <td>23 580 (1of)</td> </tr> <tr> <td></td> <td>Balance c/d</td> <td>20 330</td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td></td> <td>46 080</td> <td></td> <td></td> <td>46 080</td> </tr> <tr> <td></td> <td></td> <td></td> <td>1 April 2020</td> <td>Balance b/d</td> <td>20 330 (1of)</td> </tr> </tbody> </table>	Date	Details	\$	Date	Details	\$	1 April 2019	Balance b/d	4 750	31 March 2020	Interest on capital	7 500 (1of)	31 March	Drawings	20 000		Salary	15 000 (1)		Interest on drawings	1 000 (1fb)		Share of profit	23 580 (1of)		Balance c/d	20 330						46 080			46 080				1 April 2020	Balance b/d	20 330 (1of)	(6)
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2 (b)(ii)	<p>Award 1 mark as indicated.</p> <p>There may be a share of loss (1).</p> <p>Or</p> <p>More drawings than available on the account (1).</p> <p>Accept other appropriate responses.</p>	(1)

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2 (c)	<p>Award 1 mark for an introduction, up to 3 marks for discussion on ratios and 1 mark for a conclusion.</p> <p>For example The partners are incorrect (1). The gross profit margin is unchanged over the two years indicating no change in either the selling price or cost price (1). The profit for the year as a percentage of revenue has increased indicating that the business is controlling their expenses adequately (1). The return on capital employed has decreased indicating that the business is not using the increase in capital employed effectively in generating profit (1). Overall profitability has declined (1).</p>	(5)

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2 (d)	<p>Award marks as indicated.</p> <table border="1"> <thead> <tr> <th>Transaction</th> <th>Increase</th> <th>Decrease</th> <th>No effect</th> </tr> </thead> <tbody> <tr> <td>Purchase of a non-current asset by cash</td> <td></td> <td>✓ (1)</td> <td></td> </tr> <tr> <td>Sale of a non-current asset on credit</td> <td>✓ (1)</td> <td></td> <td></td> </tr> <tr> <td>Non-current asset taken by owner for own use</td> <td></td> <td></td> <td>✓ (1)</td> </tr> <tr> <td>Purchase of inventory on credit</td> <td></td> <td></td> <td>✓ (1)</td> </tr> <tr> <td>Sale of inventory by cash</td> <td>✓ (1)</td> <td></td> <td></td> </tr> <tr> <td>Inventory taken by owner for own use</td> <td></td> <td>✓ (1)</td> <td></td> </tr> </tbody> </table>	Transaction	Increase	Decrease	No effect	Purchase of a non-current asset by cash		✓ (1)		Sale of a non-current asset on credit	✓ (1)			Non-current asset taken by owner for own use			✓ (1)	Purchase of inventory on credit			✓ (1)	Sale of inventory by cash	✓ (1)			Inventory taken by owner for own use		✓ (1)		(6)
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