

Mark scheme

Sample assessment materials  
for first teaching September 2017

International GCSE in Accounting  
(4AC1/02)

Paper 2: Financial Statements

Question	Answer	Mark
1(a)(i)	<p><b>Award 1 mark for each correct concept, maximum 2 marks.</b></p> <p>For example:</p> <ul style="list-style-type: none"> <li>• Accruals <b>(1)</b></li> <li>• Consistency <b>(1)</b></li> <li>• Prudence <b>(1)</b></li> </ul>	<b>(2)</b>

Question	Answer	Mark
1(a)(ii)	<p><b>Award 1 mark for each correct reason, maximum 2 marks.</b></p> <p>For example:</p> <ul style="list-style-type: none"> <li>• Wear and tear <b>(1)</b></li> <li>• Obsolescence <b>(1)</b></li> <li>• Depletion <b>(1)</b></li> </ul>	<b>(2)</b>

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1(a)(iii)	<p><b>Award 1 mark for each correct label, maximum 3 marks.</b></p> <table border="1"> <thead> <tr> <th>Details</th> <th>£</th> <th>Details</th> <th>£</th> </tr> </thead> <tbody> <tr> <td>Equipment</td> <td></td> <td>Accumulated depreciation <b>(1)</b></td> <td></td> </tr> <tr> <td></td> <td></td> <td>Bank <b>(1)</b></td> <td></td> </tr> <tr> <td></td> <td></td> <td>Income statement <b>(1)</b></td> <td></td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table>	Details	£	Details	£	Equipment		Accumulated depreciation <b>(1)</b>				Bank <b>(1)</b>				Income statement <b>(1)</b>						<b>(3)</b>
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1(b)	<p><b>Award marks as shown.</b></p> <p style="text-align: center;"><b>Pullman LLP</b> <b>Statement of financial position at 31 July 2016</b></p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: left;">Assets</th> <th style="text-align: right;">£</th> <th></th> </tr> </thead> <tbody> <tr> <td>Non-current assets</td> <td></td> <td></td> </tr> <tr> <td>Fixtures and fittings</td> <td style="text-align: right;">116 240</td> <td style="text-align: right;">(1)</td> </tr> <tr> <td>Equipment</td> <td style="text-align: right;"><u>19 200</u></td> <td style="text-align: right;">(1)</td> </tr> <tr> <td></td> <td style="text-align: right;">135 440</td> <td></td> </tr> <tr> <td>Current assets</td> <td></td> <td></td> </tr> <tr> <td>Inventory</td> <td style="text-align: right;">43 090</td> <td></td> </tr> <tr> <td>Receivables</td> <td style="text-align: right;">61 996</td> <td style="text-align: right;">(1)</td> </tr> <tr> <td>Cash and cash equivalents</td> <td style="text-align: right;"><u>14 800</u></td> <td></td> </tr> <tr> <td></td> <td style="text-align: right;">119 886</td> <td style="text-align: right;">(1)</td> </tr> <tr> <td>Total assets</td> <td style="text-align: right;">255 326</td> <td style="text-align: right;">(1)</td> </tr> <tr> <td>Equity and liabilities</td> <td></td> <td></td> </tr> <tr> <td>Equity</td> <td></td> <td></td> </tr> <tr> <td>Capital accounts:</td> <td></td> <td></td> </tr> <tr> <td>    Brian</td> <td style="text-align: right;">80 000</td> <td rowspan="3" style="text-align: right;">} (1)</td> </tr> <tr> <td>    Jack</td> <td style="text-align: right;">60 000</td> </tr> <tr> <td>    Terry</td> <td style="text-align: right;">70 000</td> </tr> <tr> <td>Current accounts:</td> <td></td> <td></td> </tr> <tr> <td>    Brian</td> <td style="text-align: right;">8 000</td> <td rowspan="3" style="text-align: right;">} (1)</td> </tr> <tr> <td>    Jack</td> <td style="text-align: right;">7 200</td> </tr> <tr> <td>    Terry</td> <td style="text-align: right;">(8 000)</td> </tr> <tr> <td>Total equity</td> <td style="text-align: right;">217 200</td> <td style="text-align: right;">(1)</td> </tr> <tr> <td>Current liabilities</td> <td></td> <td></td> </tr> <tr> <td>Trade payables</td> <td style="text-align: right;">35 900</td> <td></td> </tr> <tr> <td>Other payables</td> <td style="text-align: right;">2 226</td> <td></td> </tr> <tr> <td></td> <td style="text-align: right;">3 826</td> <td style="text-align: right;">(1)</td> </tr> <tr> <td>Total equity and liabilities</td> <td style="text-align: right;">255 326</td> <td style="text-align: right;">(1)</td> </tr> </tbody> </table>	Assets	£		Non-current assets			Fixtures and fittings	116 240	(1)	Equipment	<u>19 200</u>	(1)		135 440		Current assets			Inventory	43 090		Receivables	61 996	(1)	Cash and cash equivalents	<u>14 800</u>			119 886	(1)	Total assets	255 326	(1)	Equity and liabilities			Equity			Capital accounts:			Brian	80 000	} (1)	Jack	60 000	Terry	70 000	Current accounts:			Brian	8 000	} (1)	Jack	7 200	Terry	(8 000)	Total equity	217 200	(1)	Current liabilities			Trade payables	35 900		Other payables	2 226			3 826	(1)	Total equity and liabilities	255 326	(1)	<b>(10)</b>
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Question	Indicative content		Mark
<b>1(d)</b>	<b>Explain (AO3)</b> <ul style="list-style-type: none"> <li>• The partnership would have limited liability which would mean that each partner was liable only for the debts of the business up to the amount of their investment.</li> <li>• The formation of a partnership means that Brian Jack and Terry will share the profits, liabilities and decision making. This will allow the business access to a wider range of funding options as the more partners there are the more capital which will be invested.</li> <li>• The formation of a partnership means that all three partners are able to bring their own expertise and skill to the day to day management of the business and provide cover for absent colleagues as necessary.</li> </ul>		<b>(6)</b>
Level	Mark		
	0	No rewardable material.	
<b>Level 1</b>	1-2	<ul style="list-style-type: none"> <li>• Some understanding of the accounting principles demonstrated but explanation has not been developed adequately.</li> </ul>	
<b>Level 2</b>	3-4	<ul style="list-style-type: none"> <li>• Good understanding of the accounting principles demonstrated with a developed explanation but with limited evidence to support response.</li> </ul>	
<b>Level 3</b>	5-6	<ul style="list-style-type: none"> <li>• Excellent understanding of the accounting principles demonstrated with a well-developed explanation with sufficient evidence to fully support response.</li> </ul>	

Question	Answer	Mark
<b>2(a)(i)</b>	<b>Award marks as shown.</b> = 47 500 (1) + 4 500 = 52 000 (1)	<b>(2)</b>

Question	Answer	Mark
<b>2(a)(ii)</b>	<b>Award marks as shown.</b> = 18 500 + 1 900 + 3 250 (1) = 23 650 (1 of)	<b>(2)</b>

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2(a)(iii)	<p><b>Award marks as shown.</b></p> <p style="text-align: center;"><b>Sita's Fabric Services</b> <b>Income statement for the year ended 30 April 2016</b></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;">52 000 <b>(1 of)</b></td> </tr> <tr> <td>Returns inwards</td> <td></td> <td style="text-align: right;"><u>1 200</u></td> </tr> <tr> <td></td> <td></td> <td style="text-align: right;">50 800 <b>(1 of)</b></td> </tr> <tr> <td>Purchases</td> <td style="text-align: right;">23 650 <b>(1 of)</b></td> <td></td> </tr> <tr> <td>Closing inventory</td> <td style="text-align: right;"><u>(2 250)</u></td> <td></td> </tr> <tr> <td>Cost of sales</td> <td></td> <td style="text-align: right;"><u>21 400</u> <b>(1 of)</b></td> </tr> <tr> <td>Gross profit</td> <td></td> <td style="text-align: right;">29 400 <b>(1 of)</b></td> </tr> <tr> <td>Running expenses</td> <td></td> <td></td> </tr> <tr> <td>General expenses</td> <td style="text-align: right;">11 500</td> <td rowspan="3" style="text-align: center;">} <b>(1)</b></td> </tr> <tr> <td>Vehicle expenses</td> <td style="text-align: right;">1 750</td> </tr> <tr> <td>Rent</td> <td style="text-align: right;">1 800</td> </tr> <tr> <td>Insurance</td> <td style="text-align: right;">1 700 <b>(1)</b></td> <td></td> </tr> <tr> <td>Depreciation</td> <td style="text-align: right;"><u>1 250</u> <b>(1)</b></td> <td></td> </tr> <tr> <td></td> <td></td> <td style="text-align: right;"><u>18 000</u></td> </tr> <tr> <td>Profit for the year</td> <td></td> <td style="text-align: right;">11 400 <b>(1 of)</b></td> </tr> </tbody> </table>		£	£	Revenue		52 000 <b>(1 of)</b>	Returns inwards		<u>1 200</u>			50 800 <b>(1 of)</b>	Purchases	23 650 <b>(1 of)</b>		Closing inventory	<u>(2 250)</u>		Cost of sales		<u>21 400</u> <b>(1 of)</b>	Gross profit		29 400 <b>(1 of)</b>	Running expenses			General expenses	11 500	} <b>(1)</b>	Vehicle expenses	1 750	Rent	1 800	Insurance	1 700 <b>(1)</b>		Depreciation	<u>1 250</u> <b>(1)</b>				<u>18 000</u>	Profit for the year		11 400 <b>(1 of)</b>	<b>(9)</b>
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2(b)(i)	<p><b>Award marks as shown.</b></p> <p style="text-align: center;">= 29 400 <b>(1)</b> / 50 800 <b>(1 of)</b> = 57.87% <b>(1 of)</b></p>	<b>(3)</b>

Question	Answer	Mark
2(b)(ii)	<p><b>Award marks as shown.</b></p> <p style="text-align: center;">= 11 400 <b>(1)</b> / 50 800 <b>(1 of)</b> = 22.44% <b>(1 of)</b></p>	<b>(3)</b>

Question	Indicative content		Mark
<b>2(c)</b>	<p><b>Explain (A03)</b></p> <ul style="list-style-type: none"> <li>• During the first year of trading Sita has generated a good level of profitability as her gross profit margin and profit for the year as a percentage of revenue both indicate that the business is being managed efficiently.</li> <li>• The gross profit percentage indicates that Sita's business is generating a good return on the cost of her goods. To increase this percentage, Sita could consider raising her selling price without a subsequent increase in the cost price.</li> <li>• The profit for the year as a percentage of revenue indicates that Sita is able to control her overheads while earning a good return on her investment.</li> <li>• In order to ensure that the profitability of the business is maintained or improved, Sita should continually monitor her income and expenditure and take appropriate steps to ensure that her profitability is comparable to other similar businesses. The indicative content is not exhaustive; other creditworthy material should be awarded marks as appropriate.</li> </ul>		<b>(6)</b>
Level	Mark		
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<b>Level 1</b>	1–2	<ul style="list-style-type: none"> <li>• Some understanding of the accounting principles demonstrated but explanation has not been developed adequately.</li> </ul>	
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