



Mark Scheme (Results)

Summer 2022

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

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Summer 2022

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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.

| Question number | Answer | Mark | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---|---|---|--|--|--|----|----|---|--|-----------------------|---------------|--|--|---|-----------------------|--|-------------------|----------|--|--|--|-----------|---------------------|--|-------------------------|----------|--|--|-----------------|--------|--|----------------|-------|--|----------------|----------------------|--|--------------------|----------------------|--|-----------------------------------|---------------------|--|------------------------------|---------------------|--|--|--|----------|----------------------------|--|----------------------|------|
| 1(a) | <p data-bbox="252 331 598 365">Award marks as indicat</p> <table border="1" data-bbox="276 383 1326 1608"> <thead> <tr> <th colspan="3" data-bbox="276 383 1326 465"> Sajjan Income statement for the year ended 30 April 2022 </th> </tr> <tr> <th data-bbox="276 465 938 506"></th> <th data-bbox="938 465 1142 506">\$</th> <th data-bbox="1142 465 1326 506">\$</th> </tr> </thead> <tbody> <tr> <td data-bbox="276 506 938 589">Revenue / Sales 165 200 (1) or 216 900 (2)</td> <td data-bbox="938 506 1142 589"></td> <td data-bbox="1142 506 1326 589">216 900 (2)</td> </tr> <tr> <td data-bbox="276 589 938 640">Cost of sales</td> <td data-bbox="938 589 1142 640"></td> <td data-bbox="1142 589 1326 640"></td> </tr> <tr> <td data-bbox="276 640 938 723">Purchases 104 200 (1) or 146 700 (2)</td> <td data-bbox="938 640 1142 723">146 700 (2)</td> <td data-bbox="1142 640 1326 723"></td> </tr> <tr> <td data-bbox="276 723 938 779">Closing inventory</td> <td data-bbox="938 723 1142 779">(36 000)</td> <td data-bbox="1142 723 1326 779"></td> </tr> <tr> <td data-bbox="276 779 938 862"></td> <td data-bbox="938 779 1142 862"></td> <td data-bbox="1142 779 1326 862">(110 700)</td> </tr> <tr> <td data-bbox="276 862 938 945">Gross profit</td> <td data-bbox="938 862 1142 945"></td> <td data-bbox="1142 862 1326 945">106 200 (1of)</td> </tr> <tr> <td data-bbox="276 945 938 1001">Expenses</td> <td data-bbox="938 945 1142 1001"></td> <td data-bbox="1142 945 1326 1001"></td> </tr> <tr> <td data-bbox="276 1001 938 1057">Office expenses</td> <td data-bbox="938 1001 1142 1057">18 975</td> <td data-bbox="1142 1001 1326 1057"></td> </tr> <tr> <td data-bbox="276 1057 938 1113">Motor expenses</td> <td data-bbox="938 1057 1142 1113">5 000</td> <td data-bbox="1142 1057 1326 1113"></td> </tr> <tr> <td data-bbox="276 1113 938 1196">Rent and rates</td> <td data-bbox="938 1113 1142 1196">13 200 (1)</td> <td data-bbox="1142 1113 1326 1196"></td> </tr> <tr> <td data-bbox="276 1196 938 1279">Wages and salaries</td> <td data-bbox="938 1196 1142 1279">31 000 (1)</td> <td data-bbox="1142 1196 1326 1279"></td> </tr> <tr> <td data-bbox="276 1279 938 1361">Provision for irrecoverable debts</td> <td data-bbox="938 1279 1142 1361">2 585 (1)</td> <td data-bbox="1142 1279 1326 1361"></td> </tr> <tr> <td data-bbox="276 1361 938 1444">Depreciation - motor vehicle</td> <td data-bbox="938 1361 1142 1444">2 000 (1)</td> <td data-bbox="1142 1361 1326 1444"></td> </tr> <tr> <td data-bbox="276 1444 938 1527"></td> <td data-bbox="938 1444 1142 1527"></td> <td data-bbox="1142 1444 1326 1527">(72 760)</td> </tr> <tr> <td data-bbox="276 1527 938 1608">Profit for the year</td> <td data-bbox="938 1527 1142 1608"></td> <td data-bbox="1142 1527 1326 1608">33 440 (1)</td> </tr> </tbody> </table> | Sajjan Income statement for the year ended 30 April 2022 | | | | \$ | \$ | Revenue / Sales 165 200 (1) or 216 900 (2) | | 216 900 (2) | Cost of sales | | | Purchases 104 200 (1) or 146 700 (2) | 146 700 (2) | | Closing inventory | (36 000) | | | | (110 700) | Gross profit | | 106 200 (1of) | Expenses | | | Office expenses | 18 975 | | Motor expenses | 5 000 | | Rent and rates | 13 200 (1) | | Wages and salaries | 31 000 (1) | | Provision for irrecoverable debts | 2 585 (1) | | Depreciation - motor vehicle | 2 000 (1) | | | | (72 760) | Profit for the year | | 33 440 (1) | (10) |
| Sajjan Income statement for the year ended 30 April 2022 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | \$ | \$ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Revenue / Sales 165 200 (1) or 216 900 (2) | | 216 900 (2) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Cost of sales | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Purchases 104 200 (1) or 146 700 (2) | 146 700 (2) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Closing inventory | (36 000) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | (110 700) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Gross profit | | 106 200 (1of) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Expenses | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Office expenses | 18 975 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Motor expenses | 5 000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Rent and rates | 13 200 (1) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Wages and salaries | 31 000 (1) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Provision for irrecoverable debts | 2 585 (1) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Depreciation - motor vehicle | 2 000 (1) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | (72 760) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Profit for the year | | 33 440 (1) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| Question number | Answer | Mark | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|--|--|--|--|---------------|-----------|-----------|---------------------------|--|--|---------------|--|----------------------|-----------------------|--|--|-----------|--|--------|-------------------|--------|--|-----------------------------------|-------|--|--|--|-------------------|-------------------|--|-------|--|--|----------------------|---------------------|--|-------------------------|-------------------------------|--|--|---------------|--|--|--------------------|--------|--|---------------------|---------------------|--|----------|---------------------|--|---------------------|--|------------------------|----------------------------|--|--|----------------|--|--------|----------------|--|-------|----------------|--|---------------------|--|--|----------------------|-------------------------------------|--|-------------------------|-------------|
| 1(b) | <p data-bbox="252 297 643 331">Award marks as indicated.</p> <table border="1" data-bbox="252 383 1302 1872"> <thead> <tr> <th colspan="3" data-bbox="252 383 1302 465" style="text-align: center;">Sajjan Statement of financial position at 30 April 2022</th> </tr> <tr> <th data-bbox="252 465 914 506">Assets</th> <th data-bbox="914 465 1118 506" style="text-align: center;">\$</th> <th data-bbox="1118 465 1302 506" style="text-align: center;">\$</th> </tr> </thead> <tbody> <tr> <td colspan="3" data-bbox="252 506 1302 546">Non-current assets</td> </tr> <tr> <td data-bbox="252 546 914 629">Motor vehicle</td> <td data-bbox="914 546 1118 629"></td> <td data-bbox="1118 546 1302 629" style="text-align: right;">38 000 (1)</td> </tr> <tr> <td colspan="3" data-bbox="252 629 1302 672">Current assets</td> </tr> <tr> <td data-bbox="252 672 914 725">Inventory</td> <td data-bbox="914 672 1118 725"></td> <td data-bbox="1118 672 1302 725" style="text-align: right;">36 000</td> </tr> <tr> <td data-bbox="252 725 914 779">Trade receivables</td> <td data-bbox="914 725 1118 779" style="text-align: right;">51 700</td> <td data-bbox="1118 725 1302 779"></td> </tr> <tr> <td data-bbox="252 779 914 833">Provision for irrecoverable debts</td> <td data-bbox="914 779 1118 833" style="text-align: right;">2 585</td> <td data-bbox="1118 779 1302 833"></td> </tr> <tr> <td data-bbox="252 833 914 887"></td> <td data-bbox="914 833 1118 887"></td> <td data-bbox="1118 833 1302 887" style="text-align: right;">49 115 (1)</td> </tr> <tr> <td data-bbox="252 887 914 963">Other receivables</td> <td data-bbox="914 887 1118 963"></td> <td data-bbox="1118 887 1302 963" style="text-align: right;">1 400</td> </tr> <tr> <td data-bbox="252 963 914 1039"></td> <td data-bbox="914 963 1118 1039"></td> <td data-bbox="1118 963 1302 1039" style="text-align: right;">86 515 (1)</td> </tr> <tr> <td data-bbox="252 1039 914 1137">Total assets</td> <td data-bbox="914 1039 1118 1137"></td> <td data-bbox="1118 1039 1302 1137" style="text-align: right;">124 515 (1of)</td> </tr> <tr> <td colspan="3" data-bbox="252 1137 1302 1180">Equity and liabilities</td> </tr> <tr> <td colspan="3" data-bbox="252 1180 1302 1223">Equity</td> </tr> <tr> <td data-bbox="252 1223 914 1276">Capital introduced</td> <td data-bbox="914 1223 1118 1276" style="text-align: right;">75 000</td> <td data-bbox="1118 1223 1302 1276"></td> </tr> <tr> <td data-bbox="252 1276 914 1330">Profit for the year</td> <td data-bbox="914 1276 1118 1330" style="text-align: right;">33 440 (1of)</td> <td data-bbox="1118 1276 1302 1330"></td> </tr> <tr> <td data-bbox="252 1330 914 1384">Drawings</td> <td data-bbox="914 1330 1118 1384" style="text-align: right;">(31 750) (1)</td> <td data-bbox="1118 1330 1302 1384"></td> </tr> <tr> <td data-bbox="252 1384 914 1482">Total equity</td> <td data-bbox="914 1384 1118 1482"></td> <td data-bbox="1118 1384 1302 1482" style="text-align: right;">76 690 (1of)</td> </tr> <tr> <td colspan="3" data-bbox="252 1482 1302 1525">Current liabilities</td> </tr> <tr> <td data-bbox="252 1525 914 1579">Trade payables</td> <td data-bbox="914 1525 1118 1579"></td> <td data-bbox="1118 1525 1302 1579" style="text-align: right;">42 500</td> </tr> <tr> <td data-bbox="252 1579 914 1632">Other payables</td> <td data-bbox="914 1579 1118 1632"></td> <td data-bbox="1118 1579 1302 1632" style="text-align: right;">2 100</td> </tr> <tr> <td data-bbox="252 1632 914 1709">Bank overdraft</td> <td data-bbox="914 1632 1118 1709"></td> <td data-bbox="1118 1632 1302 1709" style="text-align: right;">3 225 (1)</td> </tr> <tr> <td data-bbox="252 1709 914 1785"></td> <td data-bbox="914 1709 1118 1785"></td> <td data-bbox="1118 1709 1302 1785" style="text-align: right;">47 825 (1)</td> </tr> <tr> <td data-bbox="252 1785 914 1872">Total equity and liabilities</td> <td data-bbox="914 1785 1118 1872"></td> <td data-bbox="1118 1785 1302 1872" style="text-align: right;">124 515 (1of)</td> </tr> </tbody> </table> | Sajjan Statement of financial position at 30 April 2022 | | | Assets | \$ | \$ | Non-current assets | | | Motor vehicle | | 38 000 (1) | Current assets | | | Inventory | | 36 000 | Trade receivables | 51 700 | | Provision for irrecoverable debts | 2 585 | | | | 49 115 (1) | Other receivables | | 1 400 | | | 86 515 (1) | Total assets | | 124 515 (1of) | Equity and liabilities | | | Equity | | | Capital introduced | 75 000 | | Profit for the year | 33 440 (1of) | | Drawings | (31 750) (1) | | Total equity | | 76 690 (1of) | Current liabilities | | | Trade payables | | 42 500 | Other payables | | 2 100 | Bank overdraft | | 3 225 (1) | | | 47 825 (1) | Total equity and liabilities | | 124 515 (1of) | (10) |
| Sajjan Statement of financial position at 30 April 2022 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Assets | \$ | \$ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Non-current assets | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Motor vehicle | | 38 000 (1) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Current assets | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Inventory | | 36 000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Trade receivables | 51 700 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Provision for irrecoverable debts | 2 585 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | 49 115 (1) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Other receivables | | 1 400 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | 86 515 (1) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total assets | | 124 515 (1of) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Equity and liabilities | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Equity | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Capital introduced | 75 000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Profit for the year | 33 440 (1of) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Drawings | (31 750) (1) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total equity | | 76 690 (1of) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Current liabilities | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Trade payables | | 42 500 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Other payables | | 2 100 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Bank overdraft | | 3 225 (1) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | 47 825 (1) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total equity and liabilities | | 124 515 (1of) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| Question number | Answer | Mark |
|-----------------|--|------------|
| 1(c)(i) | <p>Award 1 mark for explaining the concept plus marks as indicated for development.</p> <p>Sample answer</p> <p>Prudence concept states that profits and assets should not be overstated and losses and liabilities should not be understated(1).</p> <p>Maintaining a provision for irrecoverable debts ensures that the profit for the year is not overstated (1) and trade receivables are not overstated (1).</p> | (3) |

| Question number | Answer | Mark |
|-----------------|---|------------|
| 1(c)(ii) | <p>Award 1 mark for explaining the concept plus marks as indicated for development.</p> <p>Sample answer</p> <p>Accruals concept states that revenue of the accounting period should be matched against the costs of the same period whether paid or not (1).</p> <p>Maintaining a provision for irrecoverable debts ensures that the amount of sales which are unlikely to be paid are regarded as an expense in the year of sale (1).</p> | (2) |

(Total for Question 1 = 25 marks)

| Question number | Answer | Mark | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|-----------------------------------|--|-----------------------|----|----|---------------------------|--|--------|--------------------|--|---------------------|---------------------|--|-----------------------|-----------------------------|--|--------|----------------------|--|--|------|---------------------|--|------|---------------------|--|--|--|-------|---------------------|--|--|------|-----------------------|--|------|-----------------------|--|--|--|----------|-------------|--|---------------------|-----------------------------------|--|--------|-----------------|--|--|------|--------------------|-------|------|-------|--|--|---------------|------------|
| 2(a) | <p>Award marks as indicated.</p> <p style="text-align: center;">Carl and Ming Appropriation account for the year ended 31 March 2022</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>Draft profit for the year</td> <td></td> <td style="text-align: right;">42 140</td> </tr> <tr> <td>Bank loan interest</td> <td></td> <td style="text-align: right;">(250) (1)</td> </tr> <tr> <td>Depreciation charge</td> <td></td> <td style="text-align: right;">(1 500) (1)</td> </tr> <tr> <td>Updated profit for the year</td> <td></td> <td style="text-align: right;">40 390</td> </tr> <tr> <td>Interest on drawings</td> <td></td> <td></td> </tr> <tr> <td>Carl</td> <td style="text-align: right;">2 160 (1)</td> <td></td> </tr> <tr> <td>Ming</td> <td style="text-align: right;">2 340 (1)</td> <td></td> </tr> <tr> <td></td> <td></td> <td style="text-align: right;">4 500</td> </tr> <tr> <td>Interest on capital</td> <td></td> <td></td> </tr> <tr> <td>Carl</td> <td style="text-align: right;">(6 000) (1)</td> <td></td> </tr> <tr> <td>Ming</td> <td style="text-align: right;">(4 000) (1)</td> <td></td> </tr> <tr> <td></td> <td></td> <td style="text-align: right;">(10 000)</td> </tr> <tr> <td>Salary Ming</td> <td></td> <td style="text-align: right;">(18 000) (1)</td> </tr> <tr> <td>Profit available for distribution</td> <td></td> <td style="text-align: right;">16 890</td> </tr> <tr> <td>Share of profit</td> <td></td> <td></td> </tr> <tr> <td>Carl</td> <td rowspan="2" style="text-align: center; vertical-align: middle;">(1 of fb) }</td> <td style="text-align: right;">8 445</td> </tr> <tr> <td>Ming</td> <td style="text-align: right;">8 445</td> </tr> <tr> <td></td> <td></td> <td style="text-align: right;"><u>16 890</u></td> </tr> </tbody> </table> | | \$ | \$ | Draft profit for the year | | 42 140 | Bank loan interest | | (250) (1) | Depreciation charge | | (1 500) (1) | Updated profit for the year | | 40 390 | Interest on drawings | | | Carl | 2 160 (1) | | Ming | 2 340 (1) | | | | 4 500 | Interest on capital | | | Carl | (6 000) (1) | | Ming | (4 000) (1) | | | | (10 000) | Salary Ming | | (18 000) (1) | Profit available for distribution | | 16 890 | Share of profit | | | Carl | (1 of fb) } | 8 445 | Ming | 8 445 | | | <u>16 890</u> | (8) |
| | \$ | \$ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Draft profit for the year | | 42 140 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Bank loan interest | | (250) (1) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Depreciation charge | | (1 500) (1) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Updated profit for the year | | 40 390 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Interest on drawings | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Carl | 2 160 (1) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Ming | 2 340 (1) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | 4 500 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Interest on capital | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Carl | (6 000) (1) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Ming | (4 000) (1) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | (10 000) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Salary Ming | | (18 000) (1) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Profit available for distribution | | 16 890 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Share of profit | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Carl | (1 of fb) } | 8 445 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Ming | | 8 445 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | <u>16 890</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| Question number | Answer | Mark | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|-----------------|---|--------------------|---------------|------------------------------------|----------------------|---------|----|---------------|----------|-------------------|--------------|-------------|----------------|--|-------------------------------------|--------------------|---------------|------------------------------------|--------------------|--|-------------|-------|--|-----------------------|-------------------|--|--|--|--|--------------------------------|----------------------|--|--|--------|--|--|--------|--|--|--|--------------|-------------|--------------------|------------|
| 2(b)(i) | <p>Award marks for each correct date, detail and amount in combination as indicated.</p> <p style="text-align: center;">Current Account — Ming</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>31 March 2022</td> <td>Drawings</td> <td>26 000 (1)</td> <td>1 April 2021</td> <td>Balance b/d</td> <td>900 (1)</td> </tr> <tr> <td></td> <td>Appropriation/ Interest on drawings</td> <td>2 340 (1of)</td> <td>31 March 2022</td> <td>Appropriation/ Interest on capital</td> <td>4 000 (1of)</td> </tr> <tr> <td></td> <td>Balance c/d</td> <td>3 005</td> <td></td> <td>Appropriation/ Salary</td> <td>18 000 (1)</td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td>Appropriation/ Share of profit</td> <td>8 445 (2/1of)</td> </tr> <tr> <td></td> <td></td> <td>31 345</td> <td></td> <td></td> <td>31 345</td> </tr> <tr> <td></td> <td></td> <td></td> <td>1 April 2022</td> <td>Balance b/d</td> <td>3 005 (1of)</td> </tr> </tbody> </table> | Date | Details | \$ | Date | Details | \$ | 31 March 2022 | Drawings | 26 000 (1) | 1 April 2021 | Balance b/d | 900 (1) | | Appropriation/ Interest on drawings | 2 340 (1of) | 31 March 2022 | Appropriation/ Interest on capital | 4 000 (1of) | | Balance c/d | 3 005 | | Appropriation/ Salary | 18 000 (1) | | | | | Appropriation/ Share of profit | 8 445 (2/1of) | | | 31 345 | | | 31 345 | | | | 1 April 2022 | Balance b/d | 3 005 (1of) | (8) |
| Date | Details | \$ | Date | Details | \$ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 31 March 2022 | Drawings | 26 000 (1) | 1 April 2021 | Balance b/d | 900 (1) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Appropriation/ Interest on drawings | 2 340 (1of) | 31 March 2022 | Appropriation/ Interest on capital | 4 000 (1of) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Balance c/d | 3 005 | | Appropriation/ Salary | 18 000 (1) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | | Appropriation/ Share of profit | 8 445 (2/1of) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | 31 345 | | | 31 345 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | 1 April 2022 | Balance b/d | 3 005 (1of) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| Question number | Answer | Mark |
|-----------------|---|------------|
| 2(b)(ii) | <p>Award mark as indicated.</p> <p>The amount owed by the partnership to the partner (1).</p> <p>Accept any other appropriate responses.</p> | (1) |

| Question number | Answer | Mark |
|-----------------|--|------------|
| 2(b)(iii) | <p>Award mark as indicated.</p> <p>The partner may have taken more money than allowed (1).</p> <p>Accept any other appropriate responses.</p> | (1) |

| Question number | Answer | Mark | | | | | | |
|---------------------------|---|-------|---------|---------------------------|--|--------------------|--|------------|
| 2(c)(i) | <p>Award marks as indicated.</p> <table border="1"> <thead> <tr> <th>Ratio</th> <th>Formula</th> </tr> </thead> <tbody> <tr> <td>Current (working capital)</td> <td> <u>Current assets</u> Current liabilities (1) </td> </tr> <tr> <td>Liquid (acid test)</td> <td> <u>(Current assets – inventory)</u> Current liabilities (1) </td> </tr> </tbody> </table> | Ratio | Formula | Current (working capital) | <u>Current assets</u> Current liabilities (1) | Liquid (acid test) | <u>(Current assets – inventory)</u> Current liabilities (1) | (2) |
| Ratio | Formula | | | | | | | |
| Current (working capital) | <u>Current assets</u> Current liabilities (1) | | | | | | | |
| Liquid (acid test) | <u>(Current assets – inventory)</u> Current liabilities (1) | | | | | | | |

| Question number | Answer | Mark |
|-----------------|--|------------|
| 2(c)(ii) | <p>Award 1 mark for analysis of each ratio, 1 mark for development of each ratio and 1 mark for overall conclusion.</p> <p>Sample answer</p> <p>Although the current (working capital) ratio has deteriorated below the benchmark of 2:1 (1) the business can still pay their current liabilities as was the case last year (1).</p> <p>The liquid (acid test) ratio has improved above the benchmark of 1:1 (1) indicating that the business can meet short-term debts as they become due, without the need to sell inventory (1).</p> <p>Therefore, the partners are correct that the liquidity of the business has improved (1).</p> <p>Accept any other appropriate responses.</p> | (5) |

(Total for Question 2 = 25 marks)

TOTAL FOR PAPER = 50 MARKS

