Pearson Edexcel

Mark Scheme (Results)

Summer 2025

Pearson Edexcel International GCSE Accounting (4WAC2)

Paper 01: 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.

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

Josh

Manufacturing account for the year ended 31 March 2025

	$	$	
Raw materials			
Opening inventory	12 630		
Purchases	164 830		
Closing inventory	(16 350)		
Cost of raw materials consumed		161 110	**(1)**
Direct wages		94 100	**(1)**
Royalties		6 000	**(1)**
Prime cost		261 210	**(1of)**
Overheads			
Electricity	11 200		**(1)**
Insurance	9 600		**(1)**
Factory rent	35 680		**(1)**
Supervisor wages	22 500		**(1)**
Depreciation	11 112		**(1)**
		90 092	**(1)**
Work-in-progress			
Opening inventory	11 850		
Closing inventory	(13 270)		
		(1 420)	**(1)**
Production cost		349 882	**(1of)**

(12)

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

Josh

Income statement for the year ended 31 March 2025

	$	**$**
Revenue		502 500 **(1)**
Cost of sales		
Opening inventory	20 500	
Production cost	349 882 **(1of)**	
Purchases finished goods	14 000 **(1)**	
Closing inventory	(31 110) **(1)**	
		(353 272) **(1)**
Gross profit		149 228 **(1of)**
Administrative expenses	19 600	
Carriage outwards	3 180 **(1)**	
Electricity	2 800 **(1)**	
Insurance	2 400 **(1)**	
Rent	8 920 **(1)**	
Depreciation	2 778 **(1)**	
Wages	29 600 **(1)**	
		(69 278)
Profit for the year		79 950 **(1of)**

(13)

TOTAL FOR QUESTION 1 = 25 MARKS

Question Number	Answer	Mark
2(a) (i)	**Award 1 mark for an explanation of the prudence concept and up to 2 marks for valid development.** The prudence concept states that profits and assets should not be overstated **(1).** Creating a provision for irrecoverable debts recognises that not all debts will be recovered **(1)** therefore the true value of trade receivables will be shown in the financial statements **(1)**	**(3)**

Question Number	Answer	Mark
2(a) (ii)	**Award 1 mark for an explanation of the business entity concept and 1 mark for valid development.** **Sample Answer** The business entity concept states that the business is treated as being completely separate from the owner of the business **(1)** therefore the business books of account should only reflect the transactions of the business and not the owner's personal expenditure **(1).** **Accept any other appropriate responses.**	**(2)**

Question Number	Answer	Mark
2(b)	**Award marks as indicated.** $18 386 **(4) W** **Working**	**(4)**

	$
Draft profit for the year	19 340
Irrecoverable debts written off	(1 420) **(1)**
Change in provision for irrecoverable debts	166 **(1)**
Goods taken for own use	300 **(1)**
Revised profit for the year	18 386 **(1)**

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

Carl and Daniel
Statement of financial position at 31 March 2025

Assets	**$**	**$**	**$**
Non-current assets			
Fixtures and fittings			65 000 **(1)**
Current assets			
Inventory		21 100	
Trade receivables	17 200		
Less provision for irrecoverable debts	(344)	16 856 **(1)**	
Other receivables		400 **(1)**	
			38 356
Total assets			103 356 **(1of)**
Equity and liabilities			
Equity	**Carl**	**Daniel**	**Total**
Capital account	25 000	25 000 **(1 fb)**	50 000
Current account	30 393 **(1)**	2 493 **(1)**	32 886
Total equity	55 393	27 493	82 886 **(1of)**
Non-current liabilities			
Bank loan			6 000 **(1)**
Current liabilities			
Trade payables		12 250	
Other payables		740	
Bank overdraft		1 480	
			14 470 **(1)**
Total liabilities			20 470
Total equity and liabilities			103 356 **(1of)**

(11)

Question Number	Answer	Mark
2(d)	**Award up to 2 marks for an explanation of each account.** **Award 1 mark for an overall conclusion.** **Sample answer** The current accounts are maintained separately for each partner as they record the day-to-day transactions between the partners and the business **(1)** which allows the business to see whether a partner owes the business or whether the business owes the partner **(1).** Capital accounts are fixed in nature recording the amount each partner has invested in the business **(1)** facilitating correct calculation of interest on capital attributed to each partner **(1).** Thus, it is advisable to maintain separate current accounts and capital accounts to enable each partner to know their financial position with the business **(1).** **Accept any other appropriate responses**	**(5)**

(Total for Question 2 = 25 marks)

TOTAL FOR PAPER = 50 MARKS