



Mark Scheme

July 2017  
**Results**

Pearson LCCI  
Certificate in Financial Accounting  
Level 3  
(ASE20097)

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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.
- Where marks are awarded for own figure answers, these marks can only be awarded if evidence of how the candidate arrived at their values has been provided (their workings).
- If candidate's fail to provide their workings when instructed in the paper, it may not be possible to achieve all marks associated with the question, even if the final answer is correct.
- For calculation questions full marks can be awarded where correct answer is seen with no workings shown, unless question states that candidate must provide workings.

## **Abbreviation**

**of Own Figure rule**

Accuracy marks can be awarded where the candidates' answer does not match the mark scheme, though is accurate based on their valid method.

**cao Correct Answer Only rule**

Accuracy marks will only be awarded if the candidates' answer is correct, and in line with the mark scheme.

| Question Number | Answer AO1 (1)   | Mark       |
|-----------------|--|------------|
| <b>1(a)</b>     | <b>Award 1 mark for correct answer.</b><br><br>There may still be errors present if the trial balance balances. <b>(1)</b><br><br><b>Accept other appropriate responses.</b> | <b>(1)</b> |

| Question Number   | Answer AO2 (2)  | Mark       |
|---|---|------------|
| <b>1(b)(i)</b>  | <b>Award 1 mark as indicated.</b><br><br>\$7 500- \$7 100 <b>(1)</b> = \$400 <b>(1)</b> | <b>(2)</b> |
| <b>Additional guidance</b><br>Correct answer only scores 2 marks<br>No specific layout required |   |            |

| Question Number | Answer AO2 (1)   | Mark       |
|-----------------|--|------------|
| <b>1(b)(ii)</b> | <b>Award 1 mark as indicated.</b><br><br>\$900 x1/3=\$300 <b>(1)</b> | <b>(1)</b> |

| Question Number  | Answer AO2 (1)   | Mark       |
|------------------|--|------------|
| <b>1(b)(iii)</b> | <b>Award 1 mark as indicated.</b><br><br>\$1 500 x7/12= \$875 <b>(1)</b> | <b>(1)</b> |

| Question Number | Answer AO2 (13) | Mark |
|-----------------|-----------------|------|
|-----------------|-----------------|------|

**1(c)**

**Award 1 mark for each correct figure against correct label as indicated.**

**Rosie  
Extended trial balance extract for the year ended 31 May 2017**

|   | Trial balance |              | Adjustments                     |                                 |
|---|---------------|--------------|---------------------------------|---------------------------------|
|   | Debit<br>\$   | Credit<br>\$ | Debit<br>\$                     | Credit<br>\$                    |
| Bank  | 3 500         |              |                                 | 18<br><b>(1)</b>                |
| Closing inventory – statement of financial position | 23 450        |              |                                 | 400<br><b>(1of from b(i))</b>   |
| Closing inventory – statement of profit or loss     |               | 23 450       | 400<br><b>(1of from b(i))</b>   |                                 |
| Drawings  | 2 800         |              | 545<br><b>(1)</b>               |                                 |
| Equity at 1 June 2016                               |               | 50 000       |                                 |                                 |
| General expenses                                    | 2 650         |              |                                 | 545<br><b>(1)</b>               |
| Insurance   | 7 100         |              |                                 | 300<br><b>(1of from b(ii))</b>  |
| Opening inventory                                   | 18 250        |              |                                 |                                 |
| Purchases   | 75 678        |              | 100 <b>(1)</b>                  | 865 <b>(1)</b>                  |
| Rent received                                       |               | 1 500        | 875<br><b>(1of from b(iii))</b> |                                 |
| Suspense  |               | 765          | 765<br><b>(1)</b>               |                                 |
| Trade receivables                                   | 21 450        |              | 18<br><b>(1)</b>                |                                 |
| Other receivables                                   |               |              | 300<br><b>(1of from b(ii))</b>  |                                 |
| Other payables                                      |               |              |                                 | 875<br><b>(1of from b(iii))</b> |

**(13)**

**Additional guidance**

For purchases - Accept 765 Cr (2 marks)  
For suspense - Accept if 865 Dr and 100 Cr

| Question Number | Answer AO1 (1)  | Mark       |
|-----------------|---|------------|
| <b>1(d)</b>     | <b>Award 1 mark for correct answer.</b><br><br>To prevent fraud <b>(1)</b><br><br><b>Accept other reasonable responses.</b> | <b>(1)</b> |

**TOTAL FOR QUESTION 1 – 19 MARKS**

| Question Number | Answer AO1 (2)  | Mark       |
|-----------------|---|------------|
| <b>2(a)</b>     | <p><b>Award 1 mark for correct answer up to a maximum of 2 marks.</b></p> <ul style="list-style-type: none"> <li>• No sharing of profit <b>(1)</b></li> <li>• Flexibility in working hours <b>(1)</b></li> <li>• You have privacy as you're not sharing your business information <b>(1)</b></li> <li>• Not liable for other partner's actions <b>(1)</b></li> <li>• The control is in your hands <b>(1)</b></li> <li>• Establishing and operating your business is simple <b>(1)</b></li> <li>• It's easy to change your legal structure later if circumstances change <b>(1)</b></li> <li>• You can easily wind up your business <b>(1)</b></li> </ul> <p><b>Accept any other reasonable responses.</b></p> | <b>(2)</b> |

| Question Number | Answer AO2 (1)   | Mark       |
|-----------------|--|------------|
| <b>2(b)(i)</b>  | <p><b>Award 1 mark for correct figure.</b></p> <p><math>\\$(75\ 000-3\ 000) \times 5\% = \\$3\ 600</math> <b>(1)</b></p> | <b>(1)</b> |

| Question Number  | Answer AO2 (4)   | Mark                |                |             |                       |         |    |                  |   |                     |                |             |                     |  |             |       |  |  |  |  |  |       |  |  |       |  |  |  |                |             |                       |            |
|------------------|--|---------------------|----------------|-------------|-----------------------|---------|----|------------------|---|---------------------|----------------|-------------|---------------------|--|-------------|-------|--|--|--|--|--|-------|--|--|-------|--|--|--|----------------|-------------|-----------------------|------------|
| <b>2(b)(ii)</b>  | <p><b>Award 1 mark for each correct figure as indicated.</b><br/> <b>Award 1 mark for all correct labels and dates.</b></p> <p style="text-align: center;"><b>Allowance for Doubtful Debts Account</b></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 December 2016</td> <td>Allowance for Doubtful Debts Adjustment</td> <td style="text-align: right;">1 250<br/><b>(1)</b></td> <td>1 January 2016</td> <td>Balance b/d</td> <td style="text-align: right;">4 850<br/><b>(1)</b></td> </tr> <tr> <td></td> <td>Balance c/d</td> <td style="text-align: right;">3 600</td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td></td> <td style="text-align: right;">4 850</td> <td></td> <td></td> <td style="text-align: right;">4 850</td> </tr> <tr> <td></td> <td></td> <td></td> <td>1 January 2017</td> <td>Balance b/d</td> <td style="text-align: right;">3 600<br/><b>(1of)</b></td> </tr> </tbody> </table> | Date                | Details        | \$          | date                  | Details | \$ | 31 December 2016 | Allowance for Doubtful Debts Adjustment | 1 250<br><b>(1)</b> | 1 January 2016 | Balance b/d | 4 850<br><b>(1)</b> |  | Balance c/d | 3 600 |  |  |  |  |  | 4 850 |  |  | 4 850 |  |  |  | 1 January 2017 | Balance b/d | 3 600<br><b>(1of)</b> | <b>(4)</b> |
| Date             | Details  | \$                  | date           | Details     | \$                    |         |    |                  |   |                     |                |             |                     |  |             |       |  |  |  |  |  |       |  |  |       |  |  |  |                |             |                       |            |
| 31 December 2016 | Allowance for Doubtful Debts Adjustment  | 1 250<br><b>(1)</b> | 1 January 2016 | Balance b/d | 4 850<br><b>(1)</b>   |         |    |                  |   |                     |                |             |                     |  |             |       |  |  |  |  |  |       |  |  |       |  |  |  |                |             |                       |            |
|                  | Balance c/d  | 3 600               |                |             |                       |         |    |                  |   |                     |                |             |                     |  |             |       |  |  |  |  |  |       |  |  |       |  |  |  |                |             |                       |            |
|                  |  | 4 850               |                |             | 4 850                 |         |    |                  |   |                     |                |             |                     |  |             |       |  |  |  |  |  |       |  |  |       |  |  |  |                |             |                       |            |
|                  |  |                     | 1 January 2017 | Balance b/d | 3 600<br><b>(1of)</b> |         |    |                  |   |                     |                |             |                     |  |             |       |  |  |  |  |  |       |  |  |       |  |  |  |                |             |                       |            |

**Additional guidance**

Accept statement of profit or loss for debit entry.

Accept the dates in short form.

Only award mark for correct figure if label indicates understanding of the process of double-entry bookkeeping.



|                  |  |            |
|------------------|--|------------|
| Question Number  | Answer AO1 (1), AO3 (1)  | Mark       |
| <b>2(b)(iii)</b> | <p><b>Award 1 mark for identification of correct concept and 1 mark for linked justification/reasoning.</b></p> <p>Prudence concept <b>(1)</b><br/>An allowance for doubtful debts is a provision against anticipated losses <b>(1)</b>.</p> | <b>(2)</b> |

| Question Number | Answer AO2 (5)   | Mark                 |                  |                                    |                       |         |    |                 |                  |                      |                 |                                    |                     |  |  |  |  |                  |                     |  |  |  |                  |                             |                       |  |  |        |  |  |        |            |
|-----------------|--|----------------------|------------------|------------------------------------|-----------------------|---------|----|-----------------|------------------|----------------------|-----------------|------------------------------------|---------------------|--|--|--|--|------------------|---------------------|--|--|--|------------------|-----------------------------|-----------------------|--|--|--------|--|--|--------|------------|
| <b>2(c)(i)</b>  | <p><b>Award 1 mark for each correct figure as indicated.</b><br/><b>Award 1 mark for all correct labels and dates.</b></p> <p style="text-align: center;"><b>Disposal Account</b></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 November 2016</td> <td>Machinery (cost)</td> <td style="text-align: right;">10 000<br/><b>(1)</b></td> <td>1 November 2016</td> <td>Machinery Accumulated depreciation</td> <td style="text-align: right;">4 880<br/><b>(1)</b></td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td>Machinery (cost)</td> <td style="text-align: right;">3 000<br/><b>(1)</b></td> </tr> <tr> <td></td> <td></td> <td></td> <td>31 December 2016</td> <td>Statement of profit or loss</td> <td style="text-align: right;">2 120<br/><b>(1of)</b></td> </tr> <tr> <td></td> <td></td> <td style="text-align: right;">10 000</td> <td></td> <td></td> <td style="text-align: right;">10 000</td> </tr> </tbody> </table> | Date                 | Details          | \$                                 | Date                  | Details | \$ | 1 November 2016 | Machinery (cost) | 10 000<br><b>(1)</b> | 1 November 2016 | Machinery Accumulated depreciation | 4 880<br><b>(1)</b> |  |  |  |  | Machinery (cost) | 3 000<br><b>(1)</b> |  |  |  | 31 December 2016 | Statement of profit or loss | 2 120<br><b>(1of)</b> |  |  | 10 000 |  |  | 10 000 | <b>(5)</b> |
| Date            | Details  | \$                   | Date             | Details                            | \$                    |         |    |                 |                  |                      |                 |                                    |                     |  |  |  |  |                  |                     |  |  |  |                  |                             |                       |  |  |        |  |  |        |            |
| 1 November 2016 | Machinery (cost)   | 10 000<br><b>(1)</b> | 1 November 2016  | Machinery Accumulated depreciation | 4 880<br><b>(1)</b>   |         |    |                 |                  |                      |                 |                                    |                     |  |  |  |  |                  |                     |  |  |  |                  |                             |                       |  |  |        |  |  |        |            |
|                 |  |                      |                  | Machinery (cost)                   | 3 000<br><b>(1)</b>   |         |    |                 |                  |                      |                 |                                    |                     |  |  |  |  |                  |                     |  |  |  |                  |                             |                       |  |  |        |  |  |        |            |
|                 |  |                      | 31 December 2016 | Statement of profit or loss        | 2 120<br><b>(1of)</b> |         |    |                 |                  |                      |                 |                                    |                     |  |  |  |  |                  |                     |  |  |  |                  |                             |                       |  |  |        |  |  |        |            |
|                 |  | 10 000               |                  |                                    | 10 000                |         |    |                 |                  |                      |                 |                                    |                     |  |  |  |  |                  |                     |  |  |  |                  |                             |                       |  |  |        |  |  |        |            |

**Additional Guidance**

Accept the dates in short form.

Only award mark for correct figure if label indicates understanding of the process of double-entry bookkeeping.

|   |   |            |
|---|---|------------|
| Question Number   | Answer AO2 (2)  | Mark       |
| <b>2(c)(ii)</b>   | <p><b>Award marks as indicated.</b></p> <p>\$35 480 <b>(1)</b> x 20% = \$7 096 <b>(1)</b></p> | <b>(2)</b> |
| <p><b>Additional guidance</b><br/>Award two marks for \$7 096.<br/>Correct answer only scores 2 marks<br/>No specific layout required</p> |   |            |

| Question Number   | Answer AO1 (1) AO3 (1)   | Mark       |
|---|--|------------|
| <b>2(c)(iii)</b>  | <p><b>Award 1 mark for identification of correct concept and 1 mark for linked justification/reasoning.</b></p> <p>Accruals concept <b>(1)</b></p> <p>Depreciation is charged as an expense to match the cost with the revenue generated by using the non-current asset <b>(1)</b></p> | <b>(2)</b> |
| <p><b>Additional guidance</b><br/>Accept consistency concept.</p> |  |            |

**TOTAL FOR QUESTION 2 – 18 MARKS**

| Question Number | Answer AO1 (2)  | Mark       |
|-----------------|---|------------|
| <b>3(a)</b>     | <p><b>Award 1 mark for each correct answer.</b></p> <p>The partner may have withdrawn more money than they were entitled to <b>(1)</b></p> <p>The company may have made a loss last year <b>(1)</b></p> | <b>(2)</b> |

| Question Number          | Answer AO2 (4)   | Mark         |    |  |                       |        |            |                     |  |  |     |         |            |       |         |     |         |          |  |  |     |          |            |       |          |     |          |                          |        |  |     |       |              |       |       |     |       |            |
|--------------------------|--|--------------|----|--|-----------------------|--------|------------|---------------------|--|--|-----|---------|------------|-------|---------|-----|---------|----------|--|--|-----|----------|------------|-------|----------|-----|----------|--------------------------|--------|--|-----|-------|--------------|-------|-------|-----|-------|------------|
| <b>3(b)(i)</b>           | <p><b>Award 1 mark for each correct figure with understandable label as indicated.</b></p> <p><b>Pam, Qadir and Ron</b></p> <p><b>Appropriation account for the nine month period ended 31</b></p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th></th> <th style="text-align: center;">\$</th> <th></th> </tr> </thead> <tbody> <tr> <td>Profit for the period</td> <td style="text-align: right;">81 000</td> <td style="text-align: right;"><b>(1)</b></td> </tr> <tr> <td>Interest on capital</td> <td></td> <td></td> </tr> <tr> <td>  Pam</td> <td style="text-align: right;">(7 200)</td> <td rowspan="3" style="text-align: right; vertical-align: middle;"><b>(1)</b></td> </tr> <tr> <td>  Qadir</td> <td style="text-align: right;">(5 400)</td> </tr> <tr> <td>  Ron</td> <td style="text-align: right;">(5 400)</td> </tr> <tr> <td>Salaries</td> <td></td> <td></td> </tr> <tr> <td>  Pam</td> <td style="text-align: right;">(13 500)</td> <td rowspan="3" style="text-align: right; vertical-align: middle;"><b>(1)</b></td> </tr> <tr> <td>  Qadir</td> <td style="text-align: right;">(18 000)</td> </tr> <tr> <td>  Ron</td> <td style="text-align: right;">(11 250)</td> </tr> <tr> <td>Profit to be distributed</td> <td style="text-align: right;">20 250</td> <td></td> </tr> <tr> <td>  Pam</td> <td style="text-align: right;">8 100</td> <td rowspan="3" style="text-align: right; vertical-align: middle;"><b>(1of)</b></td> </tr> <tr> <td>  Qadir</td> <td style="text-align: right;">6 075</td> </tr> <tr> <td>  Ron</td> <td style="text-align: right;">6 075</td> </tr> </tbody> </table> <p style="text-align: center;"><b>January 2017</b></p> <p><b>W1</b><br/> <math>10\,800 \times 9/12 = 81\,000</math></p> <p><b>W2</b><br/> <math>80\,000 \times 9/12 \times 12\% = 7\,200</math><br/> <math>60\,000 \times 9/12 \times 12\% = 5\,400</math><br/> <math>60\,000 \times 9/12 \times 12\% = 5\,400</math></p> <p><b>W3</b><br/> <math>18\,000 \times 9/12 = 13\,500</math><br/> <math>24\,000 \times 9/12 = 18\,000</math><br/> <math>15\,000 \times 9/12 = 11\,250</math></p> <p><b>W4</b><br/> <math>20\,250 \times 4/10 = 8\,100</math><br/> <math>20\,250 \times 3/10 = 6\,075</math><br/> <math>20\,250 \times 3/10 = 6\,075</math></p> |              | \$ |  | Profit for the period | 81 000 | <b>(1)</b> | Interest on capital |  |  | Pam | (7 200) | <b>(1)</b> | Qadir | (5 400) | Ron | (5 400) | Salaries |  |  | Pam | (13 500) | <b>(1)</b> | Qadir | (18 000) | Ron | (11 250) | Profit to be distributed | 20 250 |  | Pam | 8 100 | <b>(1of)</b> | Qadir | 6 075 | Ron | 6 075 | <b>(4)</b> |
|                          | \$   |              |    |  |                       |        |            |                     |  |  |     |         |            |       |         |     |         |          |  |  |     |          |            |       |          |     |          |                          |        |  |     |       |              |       |       |     |       |            |
| Profit for the period    | 81 000   | <b>(1)</b>   |    |  |                       |        |            |                     |  |  |     |         |            |       |         |     |         |          |  |  |     |          |            |       |          |     |          |                          |        |  |     |       |              |       |       |     |       |            |
| Interest on capital      |  |              |    |  |                       |        |            |                     |  |  |     |         |            |       |         |     |         |          |  |  |     |          |            |       |          |     |          |                          |        |  |     |       |              |       |       |     |       |            |
| Pam                      | (7 200)  | <b>(1)</b>   |    |  |                       |        |            |                     |  |  |     |         |            |       |         |     |         |          |  |  |     |          |            |       |          |     |          |                          |        |  |     |       |              |       |       |     |       |            |
| Qadir                    | (5 400)  |              |    |  |                       |        |            |                     |  |  |     |         |            |       |         |     |         |          |  |  |     |          |            |       |          |     |          |                          |        |  |     |       |              |       |       |     |       |            |
| Ron                      | (5 400)  |              |    |  |                       |        |            |                     |  |  |     |         |            |       |         |     |         |          |  |  |     |          |            |       |          |     |          |                          |        |  |     |       |              |       |       |     |       |            |
| Salaries                 |  |              |    |  |                       |        |            |                     |  |  |     |         |            |       |         |     |         |          |  |  |     |          |            |       |          |     |          |                          |        |  |     |       |              |       |       |     |       |            |
| Pam                      | (13 500)   | <b>(1)</b>   |    |  |                       |        |            |                     |  |  |     |         |            |       |         |     |         |          |  |  |     |          |            |       |          |     |          |                          |        |  |     |       |              |       |       |     |       |            |
| Qadir                    | (18 000)   |              |    |  |                       |        |            |                     |  |  |     |         |            |       |         |     |         |          |  |  |     |          |            |       |          |     |          |                          |        |  |     |       |              |       |       |     |       |            |
| Ron                      | (11 250)   |              |    |  |                       |        |            |                     |  |  |     |         |            |       |         |     |         |          |  |  |     |          |            |       |          |     |          |                          |        |  |     |       |              |       |       |     |       |            |
| Profit to be distributed | 20 250   |              |    |  |                       |        |            |                     |  |  |     |         |            |       |         |     |         |          |  |  |     |          |            |       |          |     |          |                          |        |  |     |       |              |       |       |     |       |            |
| Pam                      | 8 100  | <b>(1of)</b> |    |  |                       |        |            |                     |  |  |     |         |            |       |         |     |         |          |  |  |     |          |            |       |          |     |          |                          |        |  |     |       |              |       |       |     |       |            |
| Qadir                    | 6 075  |              |    |  |                       |        |            |                     |  |  |     |         |            |       |         |     |         |          |  |  |     |          |            |       |          |     |          |                          |        |  |     |       |              |       |       |     |       |            |
| Ron                      | 6 075  |              |    |  |                       |        |            |                     |  |  |     |         |            |       |         |     |         |          |  |  |     |          |            |       |          |     |          |                          |        |  |     |       |              |       |       |     |       |            |

| Question Number        | Answer AO2 (5)   | Mark              |    |  |                       |        |               |                      |  |  |     |     |                 |       |     |     |     |                     |  |  |     |         |                 |       |         |     |         |          |  |  |     |         |                 |       |         |     |         |                        |  |  |     |         |                   |       |         |     |         |            |
|------------------------|--|-------------------|----|--|-----------------------|--------|---------------|----------------------|--|--|-----|-----|-----------------|-------|-----|-----|-----|---------------------|--|--|-----|---------|-----------------|-------|---------|-----|---------|----------|--|--|-----|---------|-----------------|-------|---------|-----|---------|------------------------|--|--|-----|---------|-------------------|-------|---------|-----|---------|------------|
| <b>3(b)(ii)</b>        | <p><b>Award 1 mark for each correct figure with understandable label as indicated.</b></p> <p style="text-align: center;"><b>Pam, Qadir and Ron</b></p> <p style="text-align: center;"><b>Appropriation account for the three month period ended 30</b></p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th style="text-align: right;">\$</th> <th></th> </tr> </thead> <tbody> <tr> <td>Profit for the period</td> <td style="text-align: right;">27 000</td> <td><b>W1 (1)</b></td> </tr> <tr> <td>Interest on drawings</td> <td></td> <td></td> </tr> <tr> <td>Pam</td> <td style="text-align: right;">525</td> <td rowspan="3">} <b>W2 (1)</b></td> </tr> <tr> <td>Qadir</td> <td style="text-align: right;">300</td> </tr> <tr> <td>Ron</td> <td style="text-align: right;">675</td> </tr> <tr> <td>Interest on capital</td> <td></td> <td></td> </tr> <tr> <td>Pam</td> <td style="text-align: right;">(3 000)</td> <td rowspan="3">} <b>W3 (1)</b></td> </tr> <tr> <td>Qadir</td> <td style="text-align: right;">(3 000)</td> </tr> <tr> <td>Ron</td> <td style="text-align: right;">(3 000)</td> </tr> <tr> <td>Salaries</td> <td></td> <td></td> </tr> <tr> <td>Pam</td> <td style="text-align: right;">(6 000)</td> <td rowspan="3">} <b>W4 (1)</b></td> </tr> <tr> <td>Qadir</td> <td style="text-align: right;">(7 500)</td> </tr> <tr> <td>Ron</td> <td style="text-align: right;">(9 000)</td> </tr> <tr> <td>Loss to be distributed</td> <td></td> <td></td> </tr> <tr> <td>Pam</td> <td style="text-align: right;">(1 000)</td> <td rowspan="3">} <b>W5 (1of)</b></td> </tr> <tr> <td>Qadir</td> <td style="text-align: right;">(1 000)</td> </tr> <tr> <td>Ron</td> <td style="text-align: right;">(1 000)</td> </tr> </tbody> </table> <p style="text-align: center;"><b>April 2017</b></p> <p><b>W1</b><br/> <math>108\ 000 \times 3/12 = 27\ 000</math></p> <p><b>W2</b><br/> <math>21\ 000 \times 3/12 \times 10\% = 525</math><br/> <math>12\ 000 \times 3/12 \times 10\% = 300</math><br/> <math>27\ 000 \times 3/12 \times 10\% = 675</math></p> <p><b>W3</b><br/> <math>80\ 000 \times 3/12 \times 15\% = 3\ 000</math></p> <p><b>W4</b><br/> <math>24\ 000 \times 3/12 = 6\ 000</math><br/> <math>30\ 000 \times 3/12 = 7\ 500</math><br/> <math>36\ 000 \times 3/12 = 9\ 000</math></p> <p><b>W5</b><br/> <math>3\ 000 \times 1/3 = 1\ 000</math></p> |                   | \$ |  | Profit for the period | 27 000 | <b>W1 (1)</b> | Interest on drawings |  |  | Pam | 525 | } <b>W2 (1)</b> | Qadir | 300 | Ron | 675 | Interest on capital |  |  | Pam | (3 000) | } <b>W3 (1)</b> | Qadir | (3 000) | Ron | (3 000) | Salaries |  |  | Pam | (6 000) | } <b>W4 (1)</b> | Qadir | (7 500) | Ron | (9 000) | Loss to be distributed |  |  | Pam | (1 000) | } <b>W5 (1of)</b> | Qadir | (1 000) | Ron | (1 000) | <b>(5)</b> |
|                        | \$   |                   |    |  |                       |        |               |                      |  |  |     |     |                 |       |     |     |     |                     |  |  |     |         |                 |       |         |     |         |          |  |  |     |         |                 |       |         |     |         |                        |  |  |     |         |                   |       |         |     |         |            |
| Profit for the period  | 27 000   | <b>W1 (1)</b>     |    |  |                       |        |               |                      |  |  |     |     |                 |       |     |     |     |                     |  |  |     |         |                 |       |         |     |         |          |  |  |     |         |                 |       |         |     |         |                        |  |  |     |         |                   |       |         |     |         |            |
| Interest on drawings   |  |                   |    |  |                       |        |               |                      |  |  |     |     |                 |       |     |     |     |                     |  |  |     |         |                 |       |         |     |         |          |  |  |     |         |                 |       |         |     |         |                        |  |  |     |         |                   |       |         |     |         |            |
| Pam                    | 525  | } <b>W2 (1)</b>   |    |  |                       |        |               |                      |  |  |     |     |                 |       |     |     |     |                     |  |  |     |         |                 |       |         |     |         |          |  |  |     |         |                 |       |         |     |         |                        |  |  |     |         |                   |       |         |     |         |            |
| Qadir                  | 300  |                   |    |  |                       |        |               |                      |  |  |     |     |                 |       |     |     |     |                     |  |  |     |         |                 |       |         |     |         |          |  |  |     |         |                 |       |         |     |         |                        |  |  |     |         |                   |       |         |     |         |            |
| Ron                    | 675  |                   |    |  |                       |        |               |                      |  |  |     |     |                 |       |     |     |     |                     |  |  |     |         |                 |       |         |     |         |          |  |  |     |         |                 |       |         |     |         |                        |  |  |     |         |                   |       |         |     |         |            |
| Interest on capital    |  |                   |    |  |                       |        |               |                      |  |  |     |     |                 |       |     |     |     |                     |  |  |     |         |                 |       |         |     |         |          |  |  |     |         |                 |       |         |     |         |                        |  |  |     |         |                   |       |         |     |         |            |
| Pam                    | (3 000)  | } <b>W3 (1)</b>   |    |  |                       |        |               |                      |  |  |     |     |                 |       |     |     |     |                     |  |  |     |         |                 |       |         |     |         |          |  |  |     |         |                 |       |         |     |         |                        |  |  |     |         |                   |       |         |     |         |            |
| Qadir                  | (3 000)  |                   |    |  |                       |        |               |                      |  |  |     |     |                 |       |     |     |     |                     |  |  |     |         |                 |       |         |     |         |          |  |  |     |         |                 |       |         |     |         |                        |  |  |     |         |                   |       |         |     |         |            |
| Ron                    | (3 000)  |                   |    |  |                       |        |               |                      |  |  |     |     |                 |       |     |     |     |                     |  |  |     |         |                 |       |         |     |         |          |  |  |     |         |                 |       |         |     |         |                        |  |  |     |         |                   |       |         |     |         |            |
| Salaries               |  |                   |    |  |                       |        |               |                      |  |  |     |     |                 |       |     |     |     |                     |  |  |     |         |                 |       |         |     |         |          |  |  |     |         |                 |       |         |     |         |                        |  |  |     |         |                   |       |         |     |         |            |
| Pam                    | (6 000)  | } <b>W4 (1)</b>   |    |  |                       |        |               |                      |  |  |     |     |                 |       |     |     |     |                     |  |  |     |         |                 |       |         |     |         |          |  |  |     |         |                 |       |         |     |         |                        |  |  |     |         |                   |       |         |     |         |            |
| Qadir                  | (7 500)  |                   |    |  |                       |        |               |                      |  |  |     |     |                 |       |     |     |     |                     |  |  |     |         |                 |       |         |     |         |          |  |  |     |         |                 |       |         |     |         |                        |  |  |     |         |                   |       |         |     |         |            |
| Ron                    | (9 000)  |                   |    |  |                       |        |               |                      |  |  |     |     |                 |       |     |     |     |                     |  |  |     |         |                 |       |         |     |         |          |  |  |     |         |                 |       |         |     |         |                        |  |  |     |         |                   |       |         |     |         |            |
| Loss to be distributed |  |                   |    |  |                       |        |               |                      |  |  |     |     |                 |       |     |     |     |                     |  |  |     |         |                 |       |         |     |         |          |  |  |     |         |                 |       |         |     |         |                        |  |  |     |         |                   |       |         |     |         |            |
| Pam                    | (1 000)  | } <b>W5 (1of)</b> |    |  |                       |        |               |                      |  |  |     |     |                 |       |     |     |     |                     |  |  |     |         |                 |       |         |     |         |          |  |  |     |         |                 |       |         |     |         |                        |  |  |     |         |                   |       |         |     |         |            |
| Qadir                  | (1 000)  |                   |    |  |                       |        |               |                      |  |  |     |     |                 |       |     |     |     |                     |  |  |     |         |                 |       |         |     |         |          |  |  |     |         |                 |       |         |     |         |                        |  |  |     |         |                   |       |         |     |         |            |
| Ron                    | (1 000)  |                   |    |  |                       |        |               |                      |  |  |     |     |                 |       |     |     |     |                     |  |  |     |         |                 |       |         |     |         |          |  |  |     |         |                 |       |         |     |         |                        |  |  |     |         |                   |       |         |     |         |            |

|                 |  |            |
|-----------------|--|------------|
| Question Number | Answer AO2 (1)   | Mark       |
| <b>3(c)(i)</b>  | <b>Award 1 mark as indicated.</b><br>60 000 x1/4 = \$15 000 <b>(1)</b> . | <b>(1)</b> |

| Question Number   | Answer AO2 (4)   | Mark                                     |                     |                |                        |                |           |                     |          |  |                     |      |                      |  |                |        |  |  |  |  |  |        |  |  |        |  |  |  |               |                |                        |            |
|---|--|--|---------------------|----------------|------------------------|----------------|-----------|---------------------|----------|--|---------------------|------|----------------------|--|----------------|--------|--|--|--|--|--|--------|--|--|--------|--|--|--|---------------|----------------|------------------------|------------|
| <b>3(c)ii</b>   | <p><b>Award 1 mark for each correct figure as indicated.</b><br/><b>Award 1 mark for all correct labels and dates.</b></p> <p style="text-align: center;"><b>Capital Account - Soma</b></p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th><b>Date</b></th> <th><b>Details</b></th> <th><b>\$</b></th> <th><b>Date</b></th> <th><b>Details</b></th> <th><b>\$</b></th> </tr> </thead> <tbody> <tr> <td>30<br/>April<br/>2017</td> <td>Goodwill</td> <td>15 000<br/><b>(1of<br/>from<br/>c(i))</b></td> <td>30<br/>April<br/>2017</td> <td>Bank</td> <td>80 000<br/><b>(1)</b></td> </tr> <tr> <td></td> <td>Balance<br/>c/d</td> <td>65 000</td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td></td> <td>80 000</td> <td></td> <td></td> <td>80 000</td> </tr> <tr> <td></td> <td></td> <td></td> <td>1 May<br/>2017</td> <td>Balance<br/>b/d</td> <td>65 000<br/><b>(1of)</b></td> </tr> </tbody> </table> | <b>Date</b>                              | <b>Details</b>      | <b>\$</b>      | <b>Date</b>            | <b>Details</b> | <b>\$</b> | 30<br>April<br>2017 | Goodwill | 15 000<br><b>(1of<br/>from<br/>c(i))</b> | 30<br>April<br>2017 | Bank | 80 000<br><b>(1)</b> |  | Balance<br>c/d | 65 000 |  |  |  |  |  | 80 000 |  |  | 80 000 |  |  |  | 1 May<br>2017 | Balance<br>b/d | 65 000<br><b>(1of)</b> | <b>(4)</b> |
| <b>Date</b>   | <b>Details</b>   | <b>\$</b>                                | <b>Date</b>         | <b>Details</b> | <b>\$</b>              |                |           |                     |          |  |                     |      |                      |  |                |        |  |  |  |  |  |        |  |  |        |  |  |  |               |                |                        |            |
| 30<br>April<br>2017   | Goodwill   | 15 000<br><b>(1of<br/>from<br/>c(i))</b> | 30<br>April<br>2017 | Bank           | 80 000<br><b>(1)</b>   |                |           |                     |          |  |                     |      |                      |  |                |        |  |  |  |  |  |        |  |  |        |  |  |  |               |                |                        |            |
|   | Balance<br>c/d   | 65 000                                   |                     |                |                        |                |           |                     |          |  |                     |      |                      |  |                |        |  |  |  |  |  |        |  |  |        |  |  |  |               |                |                        |            |
|   |  | 80 000                                   |                     |                | 80 000                 |                |           |                     |          |  |                     |      |                      |  |                |        |  |  |  |  |  |        |  |  |        |  |  |  |               |                |                        |            |
|   |  |  | 1 May<br>2017       | Balance<br>b/d | 65 000<br><b>(1of)</b> |                |           |                     |          |  |                     |      |                      |  |                |        |  |  |  |  |  |        |  |  |        |  |  |  |               |                |                        |            |
| <p><b>Additional guidance</b><br/>Accept if the date is not repeated if the date is same.<br/>Accept the dates in short form.<br/>Only award mark for correct figure if label indicates understanding of the process of double-entry bookkeeping.</p> |  |  |                     |                |                        |                |           |                     |          |  |                     |      |                      |  |                |        |  |  |  |  |  |        |  |  |        |  |  |  |               |                |                        |            |

| Question Number   | Answer AO3 (4) AO5 (1)  | Mark       |
|---|---|------------|
| <b>3(d)</b>   | <p><b>Max 4 marks for discussion of characteristics of private and public limited companies.</b><br/> <b>Award 1 mark for decision.</b><br/> <b>Decision mark can only be awarded if at least one characteristic of each type of company discussed/stated.</b></p> <ul style="list-style-type: none"> <li>• Private limited companies need only one director which helps faster decision making <b>(1)</b> whereas public limited companies need a minimum two directors <b>(1)</b>.</li> <li>• Private limited companies do not need any minimum authorised capital so are easier to set up <b>(1)</b> whereas public limited companies need a minimum authorised capital <b>(1)</b> and the partnership to already have more than the required capital <b>(1)</b>.</li> <li>• Private limited shares are sold among family and friends <b>(1)</b><br/>Public limited shares are traded on stock exchanges <b>(1)</b> and have to follow strict rules and regulations <b>(1)</b>.</li> <li>• Public limited companies trade on stock exchange so provides flexibility to sell and get money back easily <b>(1)</b> but a large number of shareholders can lead to a loss of control <b>(1)</b>.</li> </ul> <p>Any supported decision <b>(1)</b></p> <p><b>Accept any other reasonable responses.</b></p> | <b>(5)</b> |
| <p><b>Additional Guidance</b><br/> Do not award more than 3 marks for each type of company.<br/> Do not accept: separate legal entity or limited liability.</p> |   |            |

**TOTAL FOR QUESTION 3 – 21 MARKS**

| Question Number   | Answer AO2 (5)  | Mark                         |               |             |                      |         |    |              |             |                      |               |           |                      |               |                |                        |  |             |        |  |  |        |  |  |        |              |             |                              |  |  |  |            |
|---|---|------------------------------|---------------|-------------|----------------------|---------|----|--------------|-------------|----------------------|---------------|-----------|----------------------|---------------|----------------|------------------------|--|-------------|--------|--|--|--------|--|--|--------|--------------|-------------|------------------------------|--|--|--|------------|
| <b>4(a)</b>   | <p><b>Award 1 mark for each correct figure as indicated.</b><br/> <b>Award 1 mark for all correct labels and dates.</b></p> <p style="text-align: center;"><b>Trade Receivables Control Account</b></p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 15%;">Date</th> <th style="width: 25%;">Details</th> <th style="width: 15%;">\$</th> <th style="width: 15%;">Date</th> <th style="width: 20%;">Details</th> <th style="width: 10%;">\$</th> </tr> </thead> <tbody> <tr> <td>1 April 2016</td> <td>Balance b/d</td> <td style="text-align: right;">14 000<br/><b>(1)</b></td> <td>31 March 2017</td> <td>Cash Book</td> <td style="text-align: right;">75 500<br/><b>(1)</b></td> </tr> <tr> <td>31 March 2017</td> <td>Sales day book</td> <td style="text-align: right;">71 500<br/><b>(1of)</b></td> <td></td> <td>Balance c/d</td> <td style="text-align: right;">10 000</td> </tr> <tr> <td></td> <td></td> <td style="text-align: right;">85 500</td> <td></td> <td></td> <td style="text-align: right;">85 500</td> </tr> <tr> <td>1 April 2017</td> <td>Balance b/d</td> <td style="text-align: right;">10 000<br/><b>(1for both)</b></td> <td></td> <td></td> <td></td> </tr> </tbody> </table> | Date                         | Details       | \$          | Date                 | Details | \$ | 1 April 2016 | Balance b/d | 14 000<br><b>(1)</b> | 31 March 2017 | Cash Book | 75 500<br><b>(1)</b> | 31 March 2017 | Sales day book | 71 500<br><b>(1of)</b> |  | Balance c/d | 10 000 |  |  | 85 500 |  |  | 85 500 | 1 April 2017 | Balance b/d | 10 000<br><b>(1for both)</b> |  |  |  | <b>(5)</b> |
| Date  | Details   | \$                           | Date          | Details     | \$                   |         |    |              |             |                      |               |           |                      |               |                |                        |  |             |        |  |  |        |  |  |        |              |             |                              |  |  |  |            |
| 1 April 2016  | Balance b/d   | 14 000<br><b>(1)</b>         | 31 March 2017 | Cash Book   | 75 500<br><b>(1)</b> |         |    |              |             |                      |               |           |                      |               |                |                        |  |             |        |  |  |        |  |  |        |              |             |                              |  |  |  |            |
| 31 March 2017   | Sales day book  | 71 500<br><b>(1of)</b>       |               | Balance c/d | 10 000               |         |    |              |             |                      |               |           |                      |               |                |                        |  |             |        |  |  |        |  |  |        |              |             |                              |  |  |  |            |
|   |   | 85 500                       |               |             | 85 500               |         |    |              |             |                      |               |           |                      |               |                |                        |  |             |        |  |  |        |  |  |        |              |             |                              |  |  |  |            |
| 1 April 2017  | Balance b/d   | 10 000<br><b>(1for both)</b> |               |             |                      |         |    |              |             |                      |               |           |                      |               |                |                        |  |             |        |  |  |        |  |  |        |              |             |                              |  |  |  |            |
| <p><b>Additional Guidance</b></p> <p>Accept the dates in short form.<br/> Only award mark for correct figure if label indicates understanding of the process of double-entry bookkeeping.</p> |   |                              |               |             |                      |         |    |              |             |                      |               |           |                      |               |                |                        |  |             |        |  |  |        |  |  |        |              |             |                              |  |  |  |            |

| Question Number  | Answer AO2 (9)  | Mark                     |                           |    |  |         |  |                        |                 |               |  |  |  |                   |        |  |  |           |                        |  |                           |                   |         |  |  |  |  |                          |           |              |  |                        |  |          |  |  |  |                  |                     |  |           |                  |                   |  |  |  |                     |  |  |  |  |          |  |                     |  |                       |  |            |
|--|---|--------------------------|---------------------------|----|--|---------|--|------------------------|-----------------|---------------|--|--|--|-------------------|--------|--|--|-----------|------------------------|--|---------------------------|-------------------|---------|--|--|--|--|--------------------------|-----------|--------------|--|------------------------|--|----------|--|--|--|------------------|---------------------|--|-----------|------------------|-------------------|--|--|--|---------------------|--|--|--|--|----------|--|---------------------|--|-----------------------|--|------------|
| 4(b)   | <p><b>Award 1 mark for each correct figure with understandable label as indicated.</b></p> <p style="text-align: center;"><b>David</b></p> <p style="text-align: center;"><b>Statement of profit or loss for the year ended 31 March 2017</b></p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 40%;"></th> <th style="width: 15%; text-align: center;">\$</th> <th style="width: 15%; text-align: center;">\$</th> <th style="width: 30%;"></th> </tr> </thead> <tbody> <tr> <td>Revenue</td> <td></td> <td style="text-align: right;">71 500<br/><b>(1of)</b></td> <td><b>From (a)</b></td> </tr> <tr> <td>Cost of sales</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Opening inventory</td> <td style="text-align: right;">10 800</td> <td></td> <td></td> </tr> <tr> <td>Purchases</td> <td style="text-align: right;">50 325<br/><b>(1of)</b></td> <td></td> <td><b>(balancing figure)</b></td> </tr> <tr> <td>Closing inventory</td> <td style="text-align: right;">(7 500)</td> <td></td> <td></td> </tr> <tr> <td></td> <td></td> <td style="text-align: right;">(53 625)<br/><b>(1of)</b></td> <td><b>W1</b></td> </tr> <tr> <td>Gross profit</td> <td></td> <td style="text-align: right;">17 875<br/><b>(1of)</b></td> <td></td> </tr> <tr> <td>Expenses</td> <td></td> <td></td> <td></td> </tr> <tr> <td>General expenses</td> <td style="text-align: right;">3 250<br/><b>(2)</b></td> <td></td> <td><b>W2</b></td> </tr> <tr> <td>Interest on loan</td> <td style="text-align: right;">750<br/><b>(1)</b></td> <td></td> <td></td> </tr> <tr> <td>Depreciation charge:<br/>Property plant and equipment</td> <td style="text-align: right;">7 000<br/><b>(1)</b></td> <td></td> <td></td> </tr> <tr> <td></td> <td></td> <td style="text-align: right;">(11 000)</td> <td></td> </tr> <tr> <td>Profit for the year</td> <td></td> <td style="text-align: right;">6 875<br/><b>(1of)</b></td> <td></td> </tr> </tbody> </table> <p><b>W1</b><br/>71 500 of from (a) x 75% = \$53 625 <b>(1of)</b></p> <p><b>W2</b><br/>\$4 000<b>(1)</b><br/>+ (500-1 250) = \$3 250<b>(1)</b></p> |                          | \$                        | \$ |  | Revenue |  | 71 500<br><b>(1of)</b> | <b>From (a)</b> | Cost of sales |  |  |  | Opening inventory | 10 800 |  |  | Purchases | 50 325<br><b>(1of)</b> |  | <b>(balancing figure)</b> | Closing inventory | (7 500) |  |  |  |  | (53 625)<br><b>(1of)</b> | <b>W1</b> | Gross profit |  | 17 875<br><b>(1of)</b> |  | Expenses |  |  |  | General expenses | 3 250<br><b>(2)</b> |  | <b>W2</b> | Interest on loan | 750<br><b>(1)</b> |  |  | Depreciation charge:<br>Property plant and equipment | 7 000<br><b>(1)</b> |  |  |  |  | (11 000) |  | Profit for the year |  | 6 875<br><b>(1of)</b> |  | <b>(9)</b> |
|  | \$  | \$                       |                           |    |  |         |  |                        |                 |               |  |  |  |                   |        |  |  |           |                        |  |                           |                   |         |  |  |  |  |                          |           |              |  |                        |  |          |  |  |  |                  |                     |  |           |                  |                   |  |  |  |                     |  |  |  |  |          |  |                     |  |                       |  |            |
| Revenue  |   | 71 500<br><b>(1of)</b>   | <b>From (a)</b>           |    |  |         |  |                        |                 |               |  |  |  |                   |        |  |  |           |                        |  |                           |                   |         |  |  |  |  |                          |           |              |  |                        |  |          |  |  |  |                  |                     |  |           |                  |                   |  |  |  |                     |  |  |  |  |          |  |                     |  |                       |  |            |
| Cost of sales  |   |                          |                           |    |  |         |  |                        |                 |               |  |  |  |                   |        |  |  |           |                        |  |                           |                   |         |  |  |  |  |                          |           |              |  |                        |  |          |  |  |  |                  |                     |  |           |                  |                   |  |  |  |                     |  |  |  |  |          |  |                     |  |                       |  |            |
| Opening inventory  | 10 800  |                          |                           |    |  |         |  |                        |                 |               |  |  |  |                   |        |  |  |           |                        |  |                           |                   |         |  |  |  |  |                          |           |              |  |                        |  |          |  |  |  |                  |                     |  |           |                  |                   |  |  |  |                     |  |  |  |  |          |  |                     |  |                       |  |            |
| Purchases  | 50 325<br><b>(1of)</b>  |                          | <b>(balancing figure)</b> |    |  |         |  |                        |                 |               |  |  |  |                   |        |  |  |           |                        |  |                           |                   |         |  |  |  |  |                          |           |              |  |                        |  |          |  |  |  |                  |                     |  |           |                  |                   |  |  |  |                     |  |  |  |  |          |  |                     |  |                       |  |            |
| Closing inventory  | (7 500)   |                          |                           |    |  |         |  |                        |                 |               |  |  |  |                   |        |  |  |           |                        |  |                           |                   |         |  |  |  |  |                          |           |              |  |                        |  |          |  |  |  |                  |                     |  |           |                  |                   |  |  |  |                     |  |  |  |  |          |  |                     |  |                       |  |            |
|  |   | (53 625)<br><b>(1of)</b> | <b>W1</b>                 |    |  |         |  |                        |                 |               |  |  |  |                   |        |  |  |           |                        |  |                           |                   |         |  |  |  |  |                          |           |              |  |                        |  |          |  |  |  |                  |                     |  |           |                  |                   |  |  |  |                     |  |  |  |  |          |  |                     |  |                       |  |            |
| Gross profit   |   | 17 875<br><b>(1of)</b>   |                           |    |  |         |  |                        |                 |               |  |  |  |                   |        |  |  |           |                        |  |                           |                   |         |  |  |  |  |                          |           |              |  |                        |  |          |  |  |  |                  |                     |  |           |                  |                   |  |  |  |                     |  |  |  |  |          |  |                     |  |                       |  |            |
| Expenses   |   |                          |                           |    |  |         |  |                        |                 |               |  |  |  |                   |        |  |  |           |                        |  |                           |                   |         |  |  |  |  |                          |           |              |  |                        |  |          |  |  |  |                  |                     |  |           |                  |                   |  |  |  |                     |  |  |  |  |          |  |                     |  |                       |  |            |
| General expenses   | 3 250<br><b>(2)</b>   |                          | <b>W2</b>                 |    |  |         |  |                        |                 |               |  |  |  |                   |        |  |  |           |                        |  |                           |                   |         |  |  |  |  |                          |           |              |  |                        |  |          |  |  |  |                  |                     |  |           |                  |                   |  |  |  |                     |  |  |  |  |          |  |                     |  |                       |  |            |
| Interest on loan   | 750<br><b>(1)</b>   |                          |                           |    |  |         |  |                        |                 |               |  |  |  |                   |        |  |  |           |                        |  |                           |                   |         |  |  |  |  |                          |           |              |  |                        |  |          |  |  |  |                  |                     |  |           |                  |                   |  |  |  |                     |  |  |  |  |          |  |                     |  |                       |  |            |
| Depreciation charge:<br>Property plant and equipment                                   | 7 000<br><b>(1)</b>   |                          |                           |    |  |         |  |                        |                 |               |  |  |  |                   |        |  |  |           |                        |  |                           |                   |         |  |  |  |  |                          |           |              |  |                        |  |          |  |  |  |                  |                     |  |           |                  |                   |  |  |  |                     |  |  |  |  |          |  |                     |  |                       |  |            |
|  |   | (11 000)                 |                           |    |  |         |  |                        |                 |               |  |  |  |                   |        |  |  |           |                        |  |                           |                   |         |  |  |  |  |                          |           |              |  |                        |  |          |  |  |  |                  |                     |  |           |                  |                   |  |  |  |                     |  |  |  |  |          |  |                     |  |                       |  |            |
| Profit for the year  |   | 6 875<br><b>(1of)</b>    |                           |    |  |         |  |                        |                 |               |  |  |  |                   |        |  |  |           |                        |  |                           |                   |         |  |  |  |  |                          |           |              |  |                        |  |          |  |  |  |                  |                     |  |           |                  |                   |  |  |  |                     |  |  |  |  |          |  |                     |  |                       |  |            |
| <p><b>Additional guidance</b><br/>Award 1 mark for \$4 000 and 2 marks for \$3 250</p> |   |                          |                           |    |  |         |  |                        |                 |               |  |  |  |                   |        |  |  |           |                        |  |                           |                   |         |  |  |  |  |                          |           |              |  |                        |  |          |  |  |  |                  |                     |  |           |                  |                   |  |  |  |                     |  |  |  |  |          |  |                     |  |                       |  |            |



| Question Number  | Answer AO2 (5)   | Mark                          |                           |  |  |               |  |  |  |                        |        |  |  |                     |                       |  |                 |          |                           |  |                           |                     |  |                        |  |                                |  |  |  |           |        |  |  |                            |  |  |                          |                |        |  |  |                |     |  |  |                          |  |        |  |                                     |  |                             |           |            |
|--|--|-------------------------------|---------------------------|--|--|---------------|--|--|--|------------------------|--------|--|--|---------------------|-----------------------|--|-----------------|----------|---------------------------|--|---------------------------|---------------------|--|------------------------|--|--------------------------------|--|--|--|-----------|--------|--|--|----------------------------|--|--|--------------------------|----------------|--------|--|--|----------------|-----|--|--|--------------------------|--|--------|--|-------------------------------------|--|-----------------------------|-----------|------------|
| <b>4(c)</b>  | <p><b>Award 1 mark for each correct figure with understandable label as indicated.</b></p> <p style="text-align: center;"><b>David</b><br/><b>Statement of financial position at 31 March 2017</b></p> <table border="1" data-bbox="395 443 1262 1317"> <tbody> <tr> <td><b>Equity and liabilities</b></td> <td></td> <td></td> <td></td> </tr> <tr> <td><b>Equity</b></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Equity at 1 April 2016</td> <td style="text-align: right;">57 300</td> <td></td> <td></td> </tr> <tr> <td>Profit for the year</td> <td style="text-align: right;">6 875<br/><b>(1of)</b></td> <td></td> <td style="text-align: right;"><b>(from d)</b></td> </tr> <tr> <td>Drawings</td> <td style="text-align: right;">( 27 675)<br/><b>(1of)</b></td> <td></td> <td style="text-align: right;"><b>(balancing figure)</b></td> </tr> <tr> <td><b>Total equity</b></td> <td></td> <td style="text-align: right;">36 500<br/><b>(1of)</b></td> <td></td> </tr> <tr> <td><b>Non-current liabilities</b></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Bank loan</td> <td style="text-align: right;">15 000</td> <td></td> <td></td> </tr> <tr> <td><b>Current liabilities</b></td> <td></td> <td></td> <td style="text-align: right;"><b>(1 for all three)</b></td> </tr> <tr> <td>Trade payables</td> <td style="text-align: right;">25 000</td> <td></td> <td></td> </tr> <tr> <td>Other payables</td> <td style="text-align: right;">750</td> <td></td> <td></td> </tr> <tr> <td><b>Total liabilities</b></td> <td></td> <td style="text-align: right;">40 750</td> <td></td> </tr> <tr> <td><b>Total equity and liabilities</b></td> <td></td> <td style="text-align: right;"><b>77 250</b><br/><b>(1)</b></td> <td style="text-align: right;"><b>W1</b></td> </tr> </tbody> </table> | <b>Equity and liabilities</b> |                           |  |  | <b>Equity</b> |  |  |  | Equity at 1 April 2016 | 57 300 |  |  | Profit for the year | 6 875<br><b>(1of)</b> |  | <b>(from d)</b> | Drawings | ( 27 675)<br><b>(1of)</b> |  | <b>(balancing figure)</b> | <b>Total equity</b> |  | 36 500<br><b>(1of)</b> |  | <b>Non-current liabilities</b> |  |  |  | Bank loan | 15 000 |  |  | <b>Current liabilities</b> |  |  | <b>(1 for all three)</b> | Trade payables | 25 000 |  |  | Other payables | 750 |  |  | <b>Total liabilities</b> |  | 40 750 |  | <b>Total equity and liabilities</b> |  | <b>77 250</b><br><b>(1)</b> | <b>W1</b> | <b>(5)</b> |
| <b>Equity and liabilities</b>  |  |                               |                           |  |  |               |  |  |  |                        |        |  |  |                     |                       |  |                 |          |                           |  |                           |                     |  |                        |  |                                |  |  |  |           |        |  |  |                            |  |  |                          |                |        |  |  |                |     |  |  |                          |  |        |  |                                     |  |                             |           |            |
| <b>Equity</b>  |  |                               |                           |  |  |               |  |  |  |                        |        |  |  |                     |                       |  |                 |          |                           |  |                           |                     |  |                        |  |                                |  |  |  |           |        |  |  |                            |  |  |                          |                |        |  |  |                |     |  |  |                          |  |        |  |                                     |  |                             |           |            |
| Equity at 1 April 2016   | 57 300   |                               |                           |  |  |               |  |  |  |                        |        |  |  |                     |                       |  |                 |          |                           |  |                           |                     |  |                        |  |                                |  |  |  |           |        |  |  |                            |  |  |                          |                |        |  |  |                |     |  |  |                          |  |        |  |                                     |  |                             |           |            |
| Profit for the year  | 6 875<br><b>(1of)</b>  |                               | <b>(from d)</b>           |  |  |               |  |  |  |                        |        |  |  |                     |                       |  |                 |          |                           |  |                           |                     |  |                        |  |                                |  |  |  |           |        |  |  |                            |  |  |                          |                |        |  |  |                |     |  |  |                          |  |        |  |                                     |  |                             |           |            |
| Drawings   | ( 27 675)<br><b>(1of)</b>  |                               | <b>(balancing figure)</b> |  |  |               |  |  |  |                        |        |  |  |                     |                       |  |                 |          |                           |  |                           |                     |  |                        |  |                                |  |  |  |           |        |  |  |                            |  |  |                          |                |        |  |  |                |     |  |  |                          |  |        |  |                                     |  |                             |           |            |
| <b>Total equity</b>  |  | 36 500<br><b>(1of)</b>        |                           |  |  |               |  |  |  |                        |        |  |  |                     |                       |  |                 |          |                           |  |                           |                     |  |                        |  |                                |  |  |  |           |        |  |  |                            |  |  |                          |                |        |  |  |                |     |  |  |                          |  |        |  |                                     |  |                             |           |            |
| <b>Non-current liabilities</b>   |  |                               |                           |  |  |               |  |  |  |                        |        |  |  |                     |                       |  |                 |          |                           |  |                           |                     |  |                        |  |                                |  |  |  |           |        |  |  |                            |  |  |                          |                |        |  |  |                |     |  |  |                          |  |        |  |                                     |  |                             |           |            |
| Bank loan  | 15 000   |                               |                           |  |  |               |  |  |  |                        |        |  |  |                     |                       |  |                 |          |                           |  |                           |                     |  |                        |  |                                |  |  |  |           |        |  |  |                            |  |  |                          |                |        |  |  |                |     |  |  |                          |  |        |  |                                     |  |                             |           |            |
| <b>Current liabilities</b>   |  |                               | <b>(1 for all three)</b>  |  |  |               |  |  |  |                        |        |  |  |                     |                       |  |                 |          |                           |  |                           |                     |  |                        |  |                                |  |  |  |           |        |  |  |                            |  |  |                          |                |        |  |  |                |     |  |  |                          |  |        |  |                                     |  |                             |           |            |
| Trade payables   | 25 000   |                               |                           |  |  |               |  |  |  |                        |        |  |  |                     |                       |  |                 |          |                           |  |                           |                     |  |                        |  |                                |  |  |  |           |        |  |  |                            |  |  |                          |                |        |  |  |                |     |  |  |                          |  |        |  |                                     |  |                             |           |            |
| Other payables   | 750  |                               |                           |  |  |               |  |  |  |                        |        |  |  |                     |                       |  |                 |          |                           |  |                           |                     |  |                        |  |                                |  |  |  |           |        |  |  |                            |  |  |                          |                |        |  |  |                |     |  |  |                          |  |        |  |                                     |  |                             |           |            |
| <b>Total liabilities</b>   |  | 40 750                        |                           |  |  |               |  |  |  |                        |        |  |  |                     |                       |  |                 |          |                           |  |                           |                     |  |                        |  |                                |  |  |  |           |        |  |  |                            |  |  |                          |                |        |  |  |                |     |  |  |                          |  |        |  |                                     |  |                             |           |            |
| <b>Total equity and liabilities</b>  |  | <b>77 250</b><br><b>(1)</b>   | <b>W1</b>                 |  |  |               |  |  |  |                        |        |  |  |                     |                       |  |                 |          |                           |  |                           |                     |  |                        |  |                                |  |  |  |           |        |  |  |                            |  |  |                          |                |        |  |  |                |     |  |  |                          |  |        |  |                                     |  |                             |           |            |
| <p><b>Additional guidance</b><br/>Award full marks for correct answer only against W1.</p> |  |                               |                           |  |  |               |  |  |  |                        |        |  |  |                     |                       |  |                 |          |                           |  |                           |                     |  |                        |  |                                |  |  |  |           |        |  |  |                            |  |  |                          |                |        |  |  |                |     |  |  |                          |  |        |  |                                     |  |                             |           |            |

| Question Number   | Answer AO1 (2)  | Mark |
|---|---|------|
| <b>4(d)</b>   | <p><b>Award 1 mark as indicated.</b></p> <p>Bank/Providers of external finance <b>(1)</b><br/> Suppliers <b>(1)</b><br/> Customers <b>(1)</b><br/> Community <b>(1)</b><br/> Potential investors <b>(1)</b></p> <p><b>Accept any other appropriate responses.</b></p> | (2)  |
| <p><b>Additional Guidance</b><br/> Do not accept "investors".</p> |   |      |

**TOTAL FOR QUESTION 4 – 21 MARKS**

| Question Number  | Answer AO2 (5)   | Mark       |
|--|--|------------|
| <b>5(a)</b>  | <p><b>Award marks as indicated.</b></p> <p>Acquisition of property, plant and equipment =<br/>           \$(2 100 000 - 2 070 000)=30 000 <b>(1)</b><br/>           + (Disposal )165 000 <b>(1)</b><br/>           +( Depreciation ) 350 000 <b>(1)</b><br/>           - (Revaluation) 150 000 <b>(1)</b><br/>           = \$395 000 <b>(1of)</b></p> <p><b>or</b></p> <p>\$2 100 000 }<br/>           - 2 070 000 } <b>(1)</b><br/>           + (Disposal )165 000 <b>(1)</b><br/>           +( Depreciation ) 350 000 <b>(1)</b><br/>           - (Revaluation) 150 000 <b>(1)</b><br/>           = \$395 000 <b>(1of)</b></p> | <b>(5)</b> |
| <p><b>Additional guidance</b><br/>           Award figures with correct direction<br/>           Correct answer only scores 5 marks<br/>           No specific layout required</p> |  |            |

| Question Number  | Answer AO2 (7)  | Mark                      |    |    |                                    |  |        |                      |  |  |  |                              |  |                     |         |  |                                       |  |                           |                      |  |  |                 |                       |  |                        |           |                    |               |          |                                       |  |                           |   |  |                         |  |  |                       |  |  |                        |            |
|--|---|---------------------------|----|----|------------------------------------|--|--------|----------------------|--|--|--|------------------------------|--|---------------------|---------|--|---------------------------------------|--|---------------------------|----------------------|--|--|-----------------|-----------------------|--|------------------------|-----------|--------------------|---------------|----------|---------------------------------------|--|---------------------------|---|--|-------------------------|--|--|-----------------------|--|--|------------------------|------------|
| <b>5(b)</b>  | <p><b>Award 1 mark for each correct figure with understandable label as indicated.</b></p> <p style="text-align: center;"><b>Mean Ltd</b><br/><b>Statement of cash flows for the year ended 30 April 2017</b></p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th style="text-align: center;">\$</th> <th style="text-align: center;">\$</th> </tr> </thead> <tbody> <tr> <td>Net cash from operating activities</td> <td></td> <td style="text-align: right;">85 500</td> </tr> <tr> <td>Investing activities</td> <td></td> <td></td> </tr> <tr> <td>Acquisition of property, plant and equipment</td> <td style="text-align: right;">(395 000)<br/><b>(from a)</b></td> <td></td> </tr> <tr> <td>Disposal of machine</td> <td style="text-align: right;">182 500</td> <td></td> </tr> <tr> <td>Net cash used in investing activities</td> <td></td> <td style="text-align: right;">(212 500)<br/><b>(1of)</b></td> </tr> <tr> <td>Financing activities</td> <td></td> <td></td> </tr> <tr> <td>Issue of shares</td> <td style="text-align: right;">280 000<br/><b>(1)</b></td> <td></td> </tr> <tr> <td>Repayment of bank loan</td> <td style="text-align: right;">(350 000)</td> <td rowspan="2" style="text-align: right; vertical-align: middle;"><b>(1for both)</b></td> </tr> <tr> <td>Dividend paid</td> <td style="text-align: right;">(42 000)</td> </tr> <tr> <td>Net cash used in financing activities</td> <td></td> <td style="text-align: right;">(112 000)<br/><b>(1of)</b></td> </tr> <tr> <td>Net decrease in cash and cash equivalents</td> <td></td> <td style="text-align: right;">(239 000)<br/><b>(1)</b></td> </tr> <tr> <td>Cash and cash equivalents at the beginning of the year</td> <td></td> <td style="text-align: right;">215 000<br/><b>(1)</b></td> </tr> <tr> <td>Cash and cash equivalents at the end of the year</td> <td></td> <td style="text-align: right;">(24 000)<br/><b>(1)</b></td> </tr> </tbody> </table> |                           | \$ | \$ | Net cash from operating activities |  | 85 500 | Investing activities |  |  | Acquisition of property, plant and equipment | (395 000)<br><b>(from a)</b> |  | Disposal of machine | 182 500 |  | Net cash used in investing activities |  | (212 500)<br><b>(1of)</b> | Financing activities |  |  | Issue of shares | 280 000<br><b>(1)</b> |  | Repayment of bank loan | (350 000) | <b>(1for both)</b> | Dividend paid | (42 000) | Net cash used in financing activities |  | (112 000)<br><b>(1of)</b> | Net decrease in cash and cash equivalents |  | (239 000)<br><b>(1)</b> | Cash and cash equivalents at the beginning of the year |  | 215 000<br><b>(1)</b> | Cash and cash equivalents at the end of the year |  | (24 000)<br><b>(1)</b> | <b>(7)</b> |
|  | \$  | \$                        |    |    |                                    |  |        |                      |  |  |  |                              |  |                     |         |  |                                       |  |                           |                      |  |  |                 |                       |  |                        |           |                    |               |          |                                       |  |                           |   |  |                         |  |  |                       |  |  |                        |            |
| Net cash from operating activities   |   | 85 500                    |    |    |                                    |  |        |                      |  |  |  |                              |  |                     |         |  |                                       |  |                           |                      |  |  |                 |                       |  |                        |           |                    |               |          |                                       |  |                           |   |  |                         |  |  |                       |  |  |                        |            |
| Investing activities   |   |                           |    |    |                                    |  |        |                      |  |  |  |                              |  |                     |         |  |                                       |  |                           |                      |  |  |                 |                       |  |                        |           |                    |               |          |                                       |  |                           |   |  |                         |  |  |                       |  |  |                        |            |
| Acquisition of property, plant and equipment   | (395 000)<br><b>(from a)</b>  |                           |    |    |                                    |  |        |                      |  |  |  |                              |  |                     |         |  |                                       |  |                           |                      |  |  |                 |                       |  |                        |           |                    |               |          |                                       |  |                           |   |  |                         |  |  |                       |  |  |                        |            |
| Disposal of machine  | 182 500   |                           |    |    |                                    |  |        |                      |  |  |  |                              |  |                     |         |  |                                       |  |                           |                      |  |  |                 |                       |  |                        |           |                    |               |          |                                       |  |                           |   |  |                         |  |  |                       |  |  |                        |            |
| Net cash used in investing activities  |   | (212 500)<br><b>(1of)</b> |    |    |                                    |  |        |                      |  |  |  |                              |  |                     |         |  |                                       |  |                           |                      |  |  |                 |                       |  |                        |           |                    |               |          |                                       |  |                           |   |  |                         |  |  |                       |  |  |                        |            |
| Financing activities   |   |                           |    |    |                                    |  |        |                      |  |  |  |                              |  |                     |         |  |                                       |  |                           |                      |  |  |                 |                       |  |                        |           |                    |               |          |                                       |  |                           |   |  |                         |  |  |                       |  |  |                        |            |
| Issue of shares  | 280 000<br><b>(1)</b>   |                           |    |    |                                    |  |        |                      |  |  |  |                              |  |                     |         |  |                                       |  |                           |                      |  |  |                 |                       |  |                        |           |                    |               |          |                                       |  |                           |   |  |                         |  |  |                       |  |  |                        |            |
| Repayment of bank loan   | (350 000)   | <b>(1for both)</b>        |    |    |                                    |  |        |                      |  |  |  |                              |  |                     |         |  |                                       |  |                           |                      |  |  |                 |                       |  |                        |           |                    |               |          |                                       |  |                           |   |  |                         |  |  |                       |  |  |                        |            |
| Dividend paid  | (42 000)  |                           |    |    |                                    |  |        |                      |  |  |  |                              |  |                     |         |  |                                       |  |                           |                      |  |  |                 |                       |  |                        |           |                    |               |          |                                       |  |                           |   |  |                         |  |  |                       |  |  |                        |            |
| Net cash used in financing activities  |   | (112 000)<br><b>(1of)</b> |    |    |                                    |  |        |                      |  |  |  |                              |  |                     |         |  |                                       |  |                           |                      |  |  |                 |                       |  |                        |           |                    |               |          |                                       |  |                           |   |  |                         |  |  |                       |  |  |                        |            |
| Net decrease in cash and cash equivalents  |   | (239 000)<br><b>(1)</b>   |    |    |                                    |  |        |                      |  |  |  |                              |  |                     |         |  |                                       |  |                           |                      |  |  |                 |                       |  |                        |           |                    |               |          |                                       |  |                           |   |  |                         |  |  |                       |  |  |                        |            |
| Cash and cash equivalents at the beginning of the year   |   | 215 000<br><b>(1)</b>     |    |    |                                    |  |        |                      |  |  |  |                              |  |                     |         |  |                                       |  |                           |                      |  |  |                 |                       |  |                        |           |                    |               |          |                                       |  |                           |   |  |                         |  |  |                       |  |  |                        |            |
| Cash and cash equivalents at the end of the year   |   | (24 000)<br><b>(1)</b>    |    |    |                                    |  |        |                      |  |  |  |                              |  |                     |         |  |                                       |  |                           |                      |  |  |                 |                       |  |                        |           |                    |               |          |                                       |  |                           |   |  |                         |  |  |                       |  |  |                        |            |
| <p><b>Additional guidance</b><br/>Award of mark for investing activity only if the acquisition and disposal is recorded in the investing activities.</p> |   |                           |    |    |                                    |  |        |                      |  |  |  |                              |  |                     |         |  |                                       |  |                           |                      |  |  |                 |                       |  |                        |           |                    |               |          |                                       |  |                           |   |  |                         |  |  |                       |  |  |                        |            |

| Question Number | Answer AO1 (1) AO3 (1)   | Mark       |
|-----------------|--|------------|
| <b>5(c)(i)</b>  | <p><b>Award 1 mark for identification of measuring efficiency and 1 mark for linked justification/reasoning.</b></p> <p>Trade receivables collection period indicates how efficient the business is in collecting money from trade receivables promptly <b>(1)</b>. The increase may indicate that the cash flow may worsen which could lead to liquidity problems <b>(1)</b>.</p> | <b>(2)</b> |

| Question Number | Answer AO1 (1) AO3 (1)  | Mark       |
|-----------------|---|------------|
| <b>5(c)(ii)</b> | <p><b>Award 1 mark for identification of measuring efficiency and 1 mark for linked justification/reasoning.</b></p> <p>Trade payables payment period indicates how efficiently the business is using the full credit term allowed by trade payables <b>(1)</b>. The decrease may indicate that the cash flow may worsen which could lead to liquidity problems <b>(1)</b>.</p> | <b>(2)</b> |

| Question Number  | Answer AO4 (4) AO5 (1)   | Mark       |
|--|--|------------|
| <b>5(d)</b>  | <p><b>Award 1 mark for analysis of each ratio up to a maximum 4 marks.</b></p> <p><b>Award 1 mark for evaluation of profitability and liquidity.</b></p> <p>Evaluation mark can only be awarded if profitability and liquidity are analysed.</p> <p><b>E.g.</b></p> <p><b>Profitability</b></p> <p>Gross profit margin has deteriorated <b>(1)</b> this may be due to cost of sales increasing in a higher proportion to the sales <b>(1)</b></p> <p>The profit for the year revenue percentage has deteriorated <b>(1)</b> but the business has maintained control over its operating expenses as the decrease in net profit margin is lower than gross profit margin <b>(1)</b></p> <p>The return on capital employed has deteriorated <b>(1)</b> this may be due to the decrease in profit for the year in relation to capital employed <b>(1)</b></p> <p><b>Liquidity</b></p> <p>Current ratio has improved <b>(1)</b> which indicates that the business would not struggle to meet its short term liabilities <b>(1)</b></p> <p>The quick (acid test) ratio has improved <b>(1)</b> which indicates that the business is able to pay its short term debts from its liquid assets <b>(1)</b></p> <p>Award one mark for overall evaluation <b>(1)</b></p> | <b>(5)</b> |
| <p><b>Additional Guidance</b><br/>Award 1 mark if the impact of one ratio on another is explained.</p> |  |            |

**TOTAL FOR QUESTION 5 = 21MARKS**

**TOTAL FOR PAPER =100 MARKS**