



Mark Scheme

December 2018

**FINAL**

Pearson LCCI  
Certificate in Financial Accounting  
(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(4)	Mark															
<b>1(a)</b>	<b>Award marks as indicated.</b>	<b>(4)</b>															
	<table border="1"> <thead> <tr> <th>Stakeholder</th> <th>Interest</th> <th>Financial statement</th> </tr> </thead> <tbody> <tr> <td>Bank</td> <td>Ability to repay borrowings.</td> <td>Statement of financial position <b>(1)</b></td> </tr> <tr> <td>Customers</td> <td>Ability to maintain continuity of supply.</td> <td>Statement of financial position <b>(1)</b></td> </tr> <tr> <td>Government</td> <td>To assess the correct tax liability.</td> <td>Statement of profit or loss <b>(1)</b></td> </tr> <tr> <td>Owners</td> <td>Ability to provide a return on their investment.</td> <td>Statement of profit or loss <b>(1)</b></td> </tr> </tbody> </table>		Stakeholder	Interest	Financial statement	Bank	Ability to repay borrowings.	Statement of financial position <b>(1)</b>	Customers	Ability to maintain continuity of supply.	Statement of financial position <b>(1)</b>	Government	To assess the correct tax liability.	Statement of profit or loss <b>(1)</b>	Owners	Ability to provide a return on their investment.	Statement of profit or loss <b>(1)</b>
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Question Number	Answer AO2 (4)	Mark																								
<b>1(b)(i)</b>	<b>Award 1 mark for each correct figure as indicated.</b> <b>Award 1 mark for all correct labels and dates.</b> <b>Agency Commission Account</b>	<b>(4)</b>																								
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Question Number	Answer AO2(5)	Mark																																												
<b>1(c)</b>	<p><b>Award marks for correct figures with understandable labels as indicated.</b></p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th colspan="4" style="text-align: center;"><b>Balqis</b></th> </tr> <tr> <th colspan="4" style="text-align: center;"><b>Statement of profit or loss for the year ended 31 March 2018</b></th> </tr> <tr> <th></th> <th style="text-align: center;">\$</th> <th></th> <th style="text-align: center;">\$</th> </tr> </thead> <tbody> <tr> <td>Agency Commission</td> <td></td> <td></td> <td style="text-align: right;">74 500</td> </tr> <tr> <td><b>Expenses</b></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Petty expenses</td> <td style="text-align: right;">1 450</td> <td style="text-align: right;"><b>(1)</b></td> <td></td> </tr> <tr> <td>Depreciation charge</td> <td style="text-align: right;">1 000</td> <td style="text-align: right;"><b>(1)</b></td> <td></td> </tr> <tr> <td>Irrecoverable debts</td> <td style="text-align: right;">500</td> <td style="text-align: right;"><b>(1)</b></td> <td></td> </tr> <tr> <td>General expenses</td> <td style="text-align: right;">43 550</td> <td style="text-align: right;"><b>(1of)</b></td> <td></td> </tr> <tr> <td></td> <td></td> <td></td> <td style="text-align: right;">(46 500)</td> </tr> <tr> <td>Profit for the year</td> <td></td> <td></td> <td style="text-align: right;">28 000 <b>(1of)</b></td> </tr> </tbody> </table>	<b>Balqis</b>				<b>Statement of profit or loss for the year ended 31 March 2018</b>					\$		\$	Agency Commission			74 500	<b>Expenses</b>				Petty expenses	1 450	<b>(1)</b>		Depreciation charge	1 000	<b>(1)</b>		Irrecoverable debts	500	<b>(1)</b>		General expenses	43 550	<b>(1of)</b>					(46 500)	Profit for the year			28 000 <b>(1of)</b>	<b>(5)</b>
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<p><b>Additional guidance</b> Only award o/f if figures match to (b)</p>																																														

Question Number	Answer AO1(1)	Mark
<b>1(d)</b>	<p><b>Award 1 mark as indicated, to a maximum of 1.</b></p> <ul style="list-style-type: none"> <li>• Prudence <b>(1)</b></li> <li>• Accruals <b>(1)</b></li> </ul>	<b>(1)</b>

**Total for Question 1 = 18 marks**

Question Number	Answer AO1 (2)	Mark
<b>2(a)</b>	<p><b>Award 1 mark for each error up to a maximum of 2 marks.</b></p> <p>Commission <b>(1)</b>            Compensating <b>(1)</b>            Complete reversal <b>(1)</b>            Omission <b>(1)</b>            Original entry <b>(1)</b>            Principle <b>(1)</b></p>	<b>(2)</b>

Question Number	Answer AO2 (2)	Mark
<b>2(b)(i)</b>	<p><b>Award marks as indicated.</b></p> <p>\$34 950 <b>(2)</b></p> <p style="padding-left: 40px;">\$</p> <p style="padding-left: 40px;">23 450</p> <p style="padding-left: 40px;"><u>11 500</u> <b>(1)</b></p> <p style="padding-left: 40px;">34 950 <b>(1of)</b></p>	<b>(2)</b>
<p><b>Additional guidance</b>            Correct answer only scores 2 marks.            Award of mark only if \$23 450 is correctly adjusted.            No specific layout required.</p>		

Question Number	Answer AO2 (1)	Mark
<b>2(b)(ii)</b>	<p><b>Award 1 mark as indicated.</b></p> <p>\$26 750 <b>(1)</b></p>	<b>(1)</b>
<p><b>Additional guidance</b>            Correct answer only scores 1 mark.            No specific layout required.</p>		

Question Number	Answer AO2 (12)	Mark																																																																														
<b>2(c)</b>	<p><b>Award 1 mark for each correct figure against correct label as indicated.</b></p> <p><b>Ji</b> <b>Extended trial balance extract at 30 June 2018</b></p> <table border="1"> <thead> <tr> <th rowspan="2"></th> <th rowspan="2">Balance</th> <th colspan="2">Adjustments</th> </tr> <tr> <th>Debit</th> <th>Credit</th> </tr> <tr> <th></th> <th>\$</th> <th>\$</th> <th>\$</th> </tr> </thead> <tbody> <tr> <td>Bank</td> <td>5 325</td> <td></td> <td></td> </tr> <tr> <td>Closing inventory- statement of financial position</td> <td>23 450</td> <td>11 500 (1 of based on b(i))</td> <td></td> </tr> <tr> <td>Closing inventory- statement of profit or loss</td> <td>23 450</td> <td></td> <td>11 500 (1of based on b(i))</td> </tr> <tr> <td>Commission received</td> <td>15 000</td> <td>2 700 (1)</td> <td></td> </tr> <tr> <td>Disposal</td> <td>4 000</td> <td></td> <td>3 500 (1)</td> </tr> <tr> <td>Drawings</td> <td>18 000</td> <td>600 (1)</td> <td></td> </tr> <tr> <td>Insurance</td> <td>3 600</td> <td></td> <td>600 (1)</td> </tr> <tr> <td>Non-current assets - accumulated depreciation</td> <td>24 500</td> <td></td> <td></td> </tr> <tr> <td>Non-current assets - cost</td> <td>35 000</td> <td></td> <td></td> </tr> <tr> <td>Office expenses</td> <td>29 750</td> <td></td> <td>3 000 (1of based on b(ii))</td> </tr> <tr> <td>Purchases</td> <td>89 750</td> <td></td> <td>135 (1)</td> </tr> <tr> <td>Revenue</td> <td>137 890</td> <td>3 500 (1)</td> <td></td> </tr> <tr> <td>Trade payables</td> <td>43 250</td> <td></td> <td></td> </tr> <tr> <td>Trade receivables</td> <td>37 860</td> <td></td> <td></td> </tr> <tr> <td>Other payables</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Other receivables</td> <td></td> <td>3 000 (1of based on b(ii))</td> <td></td> </tr> <tr> <td>Suspense</td> <td></td> <td>135 (1)</td> <td>2 700 (1)</td> </tr> </tbody> </table>		Balance	Adjustments		Debit	Credit		\$	\$	\$	Bank	5 325			Closing inventory- statement of financial position	23 450	11 500 (1 of based on b(i))		Closing inventory- statement of profit or loss	23 450		11 500 (1of based on b(i))	Commission received	15 000	2 700 (1)		Disposal	4 000		3 500 (1)	Drawings	18 000	600 (1)		Insurance	3 600		600 (1)	Non-current assets - accumulated depreciation	24 500			Non-current assets - cost	35 000			Office expenses	29 750		3 000 (1of based on b(ii))	Purchases	89 750		135 (1)	Revenue	137 890	3 500 (1)		Trade payables	43 250			Trade receivables	37 860			Other payables				Other receivables		3 000 (1of based on b(ii))		Suspense		135 (1)	2 700 (1)	<b>(12)</b>
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Question Number	Answer AO3(2)	Mark
2(d)	<p><b>Award 1 mark for identifying the point and 1 mark for linked justification /reasoning.</b></p> <p>If office expenses were not adjusted this will understate the profit for the year <b>(1)</b> as office expenses will be overstated <b>(1)</b>.</p>	<b>(2)</b>

**Total for Question 2 = 19 marks**

Question Number	Answer AO1(1)	Mark
<b>3(a)</b>	<b>Award 1 mark as indicated.</b>  As it is not purchased goodwill. <b>(1)</b> .  <b>Accept any other appropriate responses.</b>	<b>(1)</b>

Question Number	Answer AO2 (3)	Mark																																						
<b>3(b)</b>	<p><b>Award 1 mark for each correct figure as indicated.</b> <b>Award 1 mark for all correct labels and dates.</b></p> <p style="text-align: center;"><b>Goodwill Account</b></p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th>Date</th> <th>Details</th> <th>\$</th> <th></th> <th>Date</th> <th>Details</th> <th>\$</th> <th></th> </tr> </thead> <tbody> <tr> <td>1 July 2018</td> <td>Capital - Rimpay</td> <td>40 000</td> <td rowspan="2" style="vertical-align: middle;">(1)</td> <td>1 July 2018</td> <td>Capital-Rimpay</td> <td>24 000</td> <td rowspan="3" style="vertical-align: middle;">(1)</td> </tr> <tr> <td></td> <td>Capital - Hyan</td> <td>20 000</td> <td></td> <td></td> <td>Capital-Hyan</td> <td>24 000</td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> <td>Capital-Tay</td> <td>12 000</td> </tr> <tr> <td></td> <td></td> <td>60 000</td> <td></td> <td></td> <td></td> <td>60 000</td> <td></td> </tr> </tbody> </table>	Date	Details	\$		Date	Details	\$		1 July 2018	Capital - Rimpay	40 000	(1)	1 July 2018	Capital-Rimpay	24 000	(1)		Capital - Hyan	20 000			Capital-Hyan	24 000						Capital-Tay	12 000			60 000				60 000		<b>(3)</b>
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<p><b>Additional guidance</b>            Correct answer only scores 3 marks.            No specific layout required.</p>										

Question Number	Answer AO2 (6)	Mark																																																																			
<b>3(d)(ii)</b>	<p><b>Award marks for each row with understandable labels as indicated.</b></p> <p style="text-align: center;">Rimpy, Hyan and Tay            Appropriation account for the year ended 30 September 2018</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th></th> <th>For the period ended 30 June 2018</th> <th>For the period ended 30 September 2018</th> <th>Total</th> <th></th> </tr> <tr> <th></th> <th>\$</th> <th>\$</th> <th>\$</th> <th></th> </tr> </thead> <tbody> <tr> <td>Profit for the year</td> <td style="text-align: right;">54 000</td> <td style="text-align: right;">18 000</td> <td style="text-align: right;">72 000</td> <td style="text-align: right;"><b>(1)</b></td> </tr> <tr> <td>Interest on capital</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Rimpy</td> <td style="text-align: right;">(7 500)</td> <td style="text-align: right;">(2 900)</td> <td style="text-align: right;">(10 400)</td> <td rowspan="3" style="text-align: right;"><b>(1 of based on d(i))</b></td> </tr> <tr> <td>Hyan</td> <td style="text-align: right;">(3 750)</td> <td style="text-align: right;">(1 150)</td> <td style="text-align: right;">(4 900)</td> </tr> <tr> <td>Tay</td> <td style="text-align: right;">-</td> <td style="text-align: right;">( 950)</td> <td style="text-align: right;">(950)</td> </tr> <tr> <td>Salary</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Hyan</td> <td style="text-align: right;">(10 500)</td> <td style="text-align: right;">(3 000)</td> <td style="text-align: right;">(13 500)</td> <td rowspan="2" style="text-align: right;"><b>(1 for both)</b></td> </tr> <tr> <td>Tay</td> <td style="text-align: right;">-</td> <td style="text-align: right;">(3 000)</td> <td style="text-align: right;">(3 000)</td> </tr> <tr> <td>Profit available for distribution</td> <td style="text-align: right;">32 250</td> <td style="text-align: right;">7 000</td> <td style="text-align: right;">39 250</td> <td></td> </tr> <tr> <td>Rimpy</td> <td style="text-align: right;">21 500</td> <td style="text-align: right;">2 800</td> <td style="text-align: right;">24 300</td> <td style="text-align: right;"><b>(1 of)</b></td> </tr> <tr> <td>Hyan</td> <td style="text-align: right;">10 750</td> <td style="text-align: right;">2 800</td> <td style="text-align: right;">13 550</td> <td style="text-align: right;"><b>(1 of)</b></td> </tr> <tr> <td>Tay</td> <td style="text-align: right;">-</td> <td style="text-align: right;">1 400</td> <td style="text-align: right;">1 400</td> <td style="text-align: right;"><b>(1 of)</b></td> </tr> </tbody> </table>		For the period ended 30 June 2018	For the period ended 30 September 2018	Total			\$	\$	\$		Profit for the year	54 000	18 000	72 000	<b>(1)</b>	Interest on capital					Rimpy	(7 500)	(2 900)	(10 400)	<b>(1 of based on d(i))</b>	Hyan	(3 750)	(1 150)	(4 900)	Tay	-	( 950)	(950)	Salary					Hyan	(10 500)	(3 000)	(13 500)	<b>(1 for both)</b>	Tay	-	(3 000)	(3 000)	Profit available for distribution	32 250	7 000	39 250		Rimpy	21 500	2 800	24 300	<b>(1 of)</b>	Hyan	10 750	2 800	13 550	<b>(1 of)</b>	Tay	-	1 400	1 400	<b>(1 of)</b>	<b>(6)</b>
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Question Number	Answer A03 (4) A05 (1)	Mark
<b>3(e)</b>	<p><b>Award 1 mark for each correctly identified point up to a maximum of 4 marks.</b></p> <p><b>Award 1 mark for supported decision.</b></p> <ul style="list-style-type: none"> <li>• Partners in a partnership have unlimited liability which means their personal assets can be used to pay off business debts whereas in a private limited company the liability will be limited up to the amount of money invested <b>(1)</b>.</li> <li>• Partners may have limited resources to finance the business whereas by converting into a private limited company there is a possibility to raise additional resources/finance by issuing shares <b>(1)</b>.</li> <li>• Partners do not have to publish their accounts (can maintain privacy) whereas a private limited company must follow strict rules and regulations to file the accounts <b>(1)</b>.</li> <li>• Partners can take the drawings whereas in a private limited company they will be entitled to only dividend/directors' salaries <b>(1)</b>.</li> </ul> <p>Any supported decision <b>(1)</b>.</p> <p><b>Accept any other appropriate responses.</b></p>	<b>(5)</b>

**Total for Question 3 = 22 marks**

Question Number	Answer AO2(15)	Mark																																																																														
4(a)	<p><b>Award marks for correct figures with understandable labels as indicated.</b></p> <table border="1"> <thead> <tr> <th colspan="3" style="text-align: center;"><b>Hema</b></th> </tr> <tr> <th colspan="3" style="text-align: center;"><b>Statement of financial position at 31 March 2018</b></th> </tr> <tr> <th style="text-align: left;"><b>Assets</b></th> <th style="text-align: right;"><b>\$</b></th> <th style="text-align: right;"><b>\$</b></th> </tr> </thead> <tbody> <tr> <td colspan="3"><b>Non-current Assets</b></td> </tr> <tr> <td>Machinery</td> <td></td> <td style="text-align: right;">46 500 <b>(1)</b></td> </tr> <tr> <td colspan="3"><b>Current Assets</b></td> </tr> <tr> <td>Inventory</td> <td style="text-align: right;">20 000 <b>(1)</b></td> <td></td> </tr> <tr> <td>Trade and other receivables</td> <td style="text-align: right;">15 855 <b>(1)</b></td> <td></td> </tr> <tr> <td>Cash and cash equivalents</td> <td style="text-align: right;">2 020 <b>(1)</b></td> <td></td> </tr> <tr> <td></td> <td></td> <td style="text-align: right;">37 875</td> </tr> <tr> <td><b>Total assets</b></td> <td></td> <td style="text-align: right;">84 375 <b>(1of)</b></td> </tr> <tr> <td colspan="3"><b>Equity and liabilities</b></td> </tr> <tr> <td colspan="3"><b>Equity</b></td> </tr> <tr> <td>Opening equity</td> <td style="text-align: right;">34 150 <b>(1)</b></td> <td></td> </tr> <tr> <td>Profit for the year <b>W1</b></td> <td style="text-align: right;">15 310 <b>(1)</b></td> <td></td> </tr> <tr> <td>Drawings</td> <td style="text-align: right;">(7 500) <b>(1)</b></td> <td></td> </tr> <tr> <td><b>Total equity</b></td> <td></td> <td style="text-align: right;">41 960 <b>(1of)</b></td> </tr> <tr> <td colspan="3"><b>Non-current liabilities</b></td> </tr> <tr> <td>Bank loan</td> <td></td> <td style="text-align: right;">10 000 <b>(1)</b></td> </tr> <tr> <td colspan="3"><b>Current liabilities</b></td> </tr> <tr> <td>Trade and other payables</td> <td style="text-align: right;">19 545 <b>(1)</b></td> <td></td> </tr> <tr> <td>Bank loan</td> <td style="text-align: right;">10 000 <b>(1)</b></td> <td></td> </tr> <tr> <td>Bank overdraft</td> <td style="text-align: right;">2 870 <b>(1)</b></td> <td></td> </tr> <tr> <td></td> <td></td> <td style="text-align: right;">32 415</td> </tr> <tr> <td><b>Total liabilities</b></td> <td></td> <td style="text-align: right;">42 415 <b>(1)</b></td> </tr> <tr> <td><b>Total equity and liabilities</b></td> <td></td> <td style="text-align: right;">84 375 <b>(1of)</b></td> </tr> </tbody> </table>	<b>Hema</b>			<b>Statement of financial position at 31 March 2018</b>			<b>Assets</b>	<b>\$</b>	<b>\$</b>	<b>Non-current Assets</b>			Machinery		46 500 <b>(1)</b>	<b>Current Assets</b>			Inventory	20 000 <b>(1)</b>		Trade and other receivables	15 855 <b>(1)</b>		Cash and cash equivalents	2 020 <b>(1)</b>				37 875	<b>Total assets</b>		84 375 <b>(1of)</b>	<b>Equity and liabilities</b>			<b>Equity</b>			Opening equity	34 150 <b>(1)</b>		Profit for the year <b>W1</b>	15 310 <b>(1)</b>		Drawings	(7 500) <b>(1)</b>		<b>Total equity</b>		41 960 <b>(1of)</b>	<b>Non-current liabilities</b>			Bank loan		10 000 <b>(1)</b>	<b>Current liabilities</b>			Trade and other payables	19 545 <b>(1)</b>		Bank loan	10 000 <b>(1)</b>		Bank overdraft	2 870 <b>(1)</b>				32 415	<b>Total liabilities</b>		42 415 <b>(1)</b>	<b>Total equity and liabilities</b>		84 375 <b>(1of)</b>	<b>(15)</b>
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Question Number	Answer AO1(2)	Mark
<b>4(b)</b>	<p><b>Award 1 mark for each correct statement.</b></p> <p>The amount of trade receivables has decreased <b>(1)</b>. Credit customers are paying more promptly <b>(1)</b>.</p> <p><b>Accept any other appropriate responses.</b></p>	<b>(2)</b>

Question Number	Answer AO3(2)	Mark
<b>4(c)</b>	<p><b>Award 1 mark for identifying the point and 1 mark for linked justification /reasoning.</b></p> <p>The purchase of the calculator will be recorded as an expense <b>(1)</b> due to low value in comparison to the revenue generated according to the materiality concept <b>(1)</b>.</p> <p><b>Accept any other appropriate responses.</b></p>	<b>(2)</b>

**Total for Question 4 = 19 marks**

Question Number	Answer AO2(4)	Mark
<b>5(a)</b>	<p><b>Award marks as indicated.</b></p> <p>\$163 400 <b>(4)</b></p> <p style="padding-left: 40px;"><b>\$</b></p> <p style="padding-left: 40px;">15 000 <b>(1)</b></p> <p style="padding-left: 40px;">48 000 <b>(1)</b></p> <p style="padding-left: 40px;"><u>100 400</u> <b>(1)</b></p> <p style="padding-left: 40px;"><u>163 400</u> <b>(1of)</b></p>	<b>(4)</b>
<p><b>Additional guidance</b>            Correct answer only scores 4 marks.            No specific layout required.</p>		

Question Number	Answer AO2 (10)	Mark																																																
<b>5(b)</b>	<p><b>Award marks for correct figures with understandable labels as indicated.</b></p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="3" style="text-align: center;"><b>Peenk Ltd</b></th> </tr> <tr> <th colspan="3" style="text-align: center;"><b>Statement of cash flows for the year ended 30 June 2018</b></th> </tr> <tr> <th style="width: 60%;"></th> <th style="width: 20%; text-align: center;">\$</th> <th style="width: 20%; text-align: center;">\$</th> </tr> </thead> <tbody> <tr> <td>Net cash from operating activities</td> <td></td> <td style="text-align: right;">159 320 <b>(2/1of)</b></td> </tr> <tr> <td>Investing activities</td> <td></td> <td></td> </tr> <tr> <td>Acquisition of land</td> <td style="text-align: right;">(163 400) <b>(1of from a)</b></td> <td></td> </tr> <tr> <td>Disposal of plant and machinery</td> <td style="text-align: right;">50 000 <b>(1)</b></td> <td></td> </tr> <tr> <td>Net cash used in investing activities</td> <td></td> <td style="text-align: right;">(113 400) <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;">60 000 <b>(1)</b></td> <td></td> </tr> <tr> <td>Bank loan paid</td> <td style="text-align: right;">(150 000) <b>(1)</b></td> <td></td> </tr> <tr> <td>Dividend paid</td> <td style="text-align: right;">(25 000) <b>(1)</b></td> <td></td> </tr> <tr> <td>Net cash used in financing activities</td> <td></td> <td style="text-align: right;">(115 000) <b>(1of)</b></td> </tr> <tr> <td>Net decrease in cash and cash equivalents</td> <td></td> <td style="text-align: right;">(69 080) <b>(1of)</b></td> </tr> <tr> <td>Cash and cash equivalents at the beginning of the year</td> <td></td> <td style="text-align: right;">54 450*</td> </tr> <tr> <td>Cash and cash equivalents at the end of the year</td> <td></td> <td style="text-align: right;">(14 630)* <b>(1 for both)</b></td> </tr> </tbody> </table>	<b>Peenk Ltd</b>			<b>Statement of cash flows for the year ended 30 June 2018</b>				\$	\$	Net cash from operating activities		159 320 <b>(2/1of)</b>	Investing activities			Acquisition of land	(163 400) <b>(1of from a)</b>		Disposal of plant and machinery	50 000 <b>(1)</b>		Net cash used in investing activities		(113 400) <b>(1of)</b>	Financing activities			Issue of shares	60 000 <b>(1)</b>		Bank loan paid	(150 000) <b>(1)</b>		Dividend paid	(25 000) <b>(1)</b>		Net cash used in financing activities		(115 000) <b>(1of)</b>	Net decrease in cash and cash equivalents		(69 080) <b>(1of)</b>	Cash and cash equivalents at the beginning of the year		54 450*	Cash and cash equivalents at the end of the year		(14 630)* <b>(1 for both)</b>	<b>(11)</b>
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Question Number	Answer AO4(4) and AO5(1)	Mark
<b>5(c)(i)</b>	<p><b>Award 1 mark for an analysis of each ratio. Award 1 mark for evaluation. Evaluation mark can only be awarded if at least two ratios analysed.</b></p> <p>Return on capital employed (ROCE) of business Y is better than business X, indicating that business Y is generating higher profit in comparison to the capital employed <b>(1)</b>.</p> <p>Asset turnover of business X is better than business Y, indicating that business X is generating a higher turnover in comparison to the net assets used <b>(1)</b>.</p> <p>Inventory turnover of business X is better than business Y, indicating that business X is turning its inventory to revenue faster, reducing inventory holding costs <b>(1)</b>.</p> <p>Quick ratio (acid test) of business X is better than business Y, indicating that business X can pay off its short-term liabilities with its liquid assets while business Y will struggle <b>(1)</b>.</p> <p>Any supported evaluation <b>(1)</b></p> <p><b>Accept any other appropriate responses.</b></p>	<b>(5)</b>

Question Number	Answer AO1(2)	Mark
<b>5 (c)(ii)</b>	<p><b>Award 1 mark for each correct answer. Maximum 2 marks.</b></p> <p>Trade receivables collection period <b>(1)</b></p> <p>Trade payables payment period <b>(1)</b></p> <p><b>Accept any other appropriate responses</b></p>	<b>(2)</b>

**Total for Question 5 = 22 marks**

**TOTAL FOR PAPER = 100 MARKS**