



Mark Scheme

June 2018

Pearson LCCI Level 3 Certificate in
Financial Accounting (VRQ)
(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 (2)	Mark
1(a)	Award 1 mark for each correct answer. 1) Error of omission (1) 2) Error of principle (1)	(2)

Question Number	Answer AO1 (1)	Mark
1(b)	Award 1 mark as indicated. \$ 2 000 (1)	(1)

Question Number	Answer AO1 (1)	Mark
1(c)	Award 1 mark for each correct answer up to a maximum of 1 mark. To check the arithmetical accuracy of accounts (1) To help the preparation of financial statements (1)	(1)

Question Number	Answer AO2 (16)	Mark																																																																																																																
1(d)	<p>Award 1 mark for each correct figure against correct label as indicated.</p> <table border="1"> <thead> <tr> <th colspan="6">Sahiba</th> </tr> <tr> <th colspan="6">Extended trial balance (extract) at 30 April 2018</th> </tr> <tr> <th rowspan="2"></th> <th rowspan="2">Balance</th> <th colspan="2">Adjustments</th> <th colspan="2">Statement of profit or loss</th> </tr> <tr> <th>Debit</th> <th>Credit</th> <th>Debit</th> <th>Credit</th> </tr> <tr> <th></th> <th>\$</th> <th>\$</th> <th>\$</th> <th>\$</th> <th>\$</th> </tr> </thead> <tbody> <tr> <td>10% bank loan (2020)</td> <td>60 000</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Allowance for doubtful debts</td> <td>4 550</td> <td>1 500 (1)</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Drawings</td> <td>14 775</td> <td>450 (1)</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Machinery – accumulated depreciation</td> <td>62 500</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Machinery - cost</td> <td>250 000</td> <td></td> <td>750 (1)</td> <td></td> <td></td> </tr> <tr> <td>Machinery repairs</td> <td>5 750</td> <td>750 (1)</td> <td></td> <td>6 500 (1)</td> <td></td> </tr> <tr> <td>Purchases</td> <td>380 000</td> <td></td> <td>450 (1)</td> <td>379 550 (1)</td> <td></td> </tr> <tr> <td>Revenue (Sales)</td> <td>554 750</td> <td></td> <td></td> <td></td> <td>554 750 (1)</td> </tr> <tr> <td>Trade payables</td> <td>89 465</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Trade receivables</td> <td>123 450</td> <td></td> <td>4 575 (1)</td> <td></td> <td></td> </tr> <tr> <td>Allowance for doubtful debts adjustment</td> <td></td> <td></td> <td>1 500 (1)</td> <td></td> <td>1 500 (1)</td> </tr> <tr> <td>Bank loan interest</td> <td></td> <td>2 000 (1of) (from b)</td> <td></td> <td>2 000 (1of)</td> <td></td> </tr> <tr> <td>Irrecoverable debts</td> <td></td> <td>4 575 (1)</td> <td></td> <td>4 575 (1)</td> <td></td> </tr> <tr> <td>Other payables</td> <td></td> <td></td> <td>2 000 (1of) (from b)</td> <td></td> <td></td> </tr> </tbody> </table>	Sahiba						Extended trial balance (extract) at 30 April 2018							Balance	Adjustments		Statement of profit or loss		Debit	Credit	Debit	Credit		\$	\$	\$	\$	\$	10% bank loan (2020)	60 000					Allowance for doubtful debts	4 550	1 500 (1)				Drawings	14 775	450 (1)				Machinery – accumulated depreciation	62 500					Machinery - cost	250 000		750 (1)			Machinery repairs	5 750	750 (1)		6 500 (1)		Purchases	380 000		450 (1)	379 550 (1)		Revenue (Sales)	554 750				554 750 (1)	Trade payables	89 465					Trade receivables	123 450		4 575 (1)			Allowance for doubtful debts adjustment			1 500 (1)		1 500 (1)	Bank loan interest		2 000 (1of) (from b)		2 000 (1of)		Irrecoverable debts		4 575 (1)		4 575 (1)		Other payables			2 000 (1of) (from b)			(16)
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Total for Question 1 = 20 marks

Question Number	Answer AO2 (7)	Mark
2(a)	Award 1 mark for each correct figure against correct label as indicated.	(7)

**Non-current assets register (extract)
Motor vehicles**

Description	Year ended 31 March	Acquisition date	Cost \$	Depreciation charge \$	Carrying amount \$	Disposal proceeds \$	Profit/ (loss) \$
Peny007	2015	1 June 2014	70 000	14 000	56 000		
	2016			11 200	44 800		
	2017			8 960	35 840		
	2018			7 168 (1)	28 672 (1of)		
Beny115	2016	1 August 2016	40 000	8 000	32 000		
	2017			6 400	25 600		
	2018					22 800 (1)	(2 800) (1)
Jeny111	2018	1 March 2018	65 000 (1)	13 000 (1)	52 000 (1of)		

Question Number	Answer AO2 (5)					Mark	
2(b)	Award 1 mark for each correct figure as indicated. Award 1 mark for all correct labels and dates.						
Accumulated depreciation Account - Motor Vehicles							
	Date	Details	\$	Date	Details		\$
	1 March 2018	Disposal	14 400 (1)	1 April 2017	Balance b/d		48 560 (1)
	31 March 2018	Balance c/d	54 328	31 March 2018	Depreciation charge/expense		20 168 (1of from a)
			<u>68 728</u>				<u>68 728</u>
				1 April 2018	Balance b/d	54 328 (1of)	
						(5)	

Question Number	Answer AO3 (2)		Mark
2(c)(i)	Award 1 mark for explaining the concept by relating to the scenario and 1 mark for linked justification/reasoning.		
	Ming has to charge depreciation on the non-current assets to match the cost of using the non-current assets with the revenue generated by using them (1) to show the correct figure for profit for the relevant year. (1)		
			(2)

Question Number	Answer AO1 (1)		Mark
2(c)(ii)	Award mark as indicated.		
	Consistency (1)		
	Or		
	Prudence (1)		(1)

Question Number	Answer AO1 (1)		Mark
2(d)(i)	Award 1 mark for correct answer.		
	To assess whether the business can pay back any finance provided at an agreed date (1)		
	Accept any other appropriate responses.		(1)

Question Number	Answer AO1 (1)	Mark
2(d)(ii)	<p>Award 1 mark for correct answer.</p> <p>To assess whether the business can provide a return on their investment (1)</p> <p>Accept any other appropriate responses.</p>	(1)

Question Number	Answer AO3 (4) AO5 (1)	Mark
2(e)	<p>Award 1 mark for each point of discussion for sole trader and partnership up to a maximum of 4 marks.</p> <p>Award 1 mark for supported decision.</p> <ul style="list-style-type: none"> • Ming has full control of her business but when she forms a partnership, decisions are taken collectively (1). • Ming presently retains all profit for herself whereas if she forms a partnership she may have to share the profits with her other partners (1). • Ming may not have access to sufficient sources of finance to develop her business whereas if she forms a partnership the new partner may bring in additional finance (1). • Ming may not have the technical skills and expertise to develop her business whereas if she forms a partnership the new partner may bring in the necessary skills/knowledge and work can be shares according to the specialisation (1). <p>Any supported decision (1)</p> <p>Accept any other appropriate responses.</p>	(5)

Total for Question 2 = 22 marks

Question Number	Answer AO2 (3)	Mark
3(a)	<p>Award 1 mark as indicated.</p> <p>Rosa \$23 400 (1)</p> <p>Simone \$35 100 (1)</p> <p>Tia \$13 500 (1)</p>	(3)

Question Number	Answer AO2 (6)	Mark																																				
3(b)(i)	<p>Award 1 mark for each correct figure as indicated. Award 1 mark for all correct labels and dates.</p> <p style="text-align: center;">Current Account – Simone</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 April 2017</td> <td>Balance b/d</td> <td>2 500</td> <td>31 March 2018</td> <td>Appropriation (salary)</td> <td>14 000 (1)</td> </tr> <tr> <td>31 March 2018</td> <td>Drawings</td> <td>15 000 (1)</td> <td></td> <td>Appropriation (interest on capital)</td> <td>7 500 (1)</td> </tr> <tr> <td></td> <td>Balance c/d</td> <td>39 100</td> <td></td> <td>Appropriation (share of profit)</td> <td>35 100 (1of from a)</td> </tr> <tr> <td></td> <td></td> <td><u>56 600</u></td> <td></td> <td></td> <td><u>56 600</u></td> </tr> <tr> <td></td> <td></td> <td></td> <td>1 April 2018</td> <td>Balance b/d</td> <td>39 100 (1of)</td> </tr> </tbody> </table>	Date	Details	\$	Date	Details	\$	1 April 2017	Balance b/d	2 500	31 March 2018	Appropriation (salary)	14 000 (1)	31 March 2018	Drawings	15 000 (1)		Appropriation (interest on capital)	7 500 (1)		Balance c/d	39 100		Appropriation (share of profit)	35 100 (1of from a)			<u>56 600</u>			<u>56 600</u>				1 April 2018	Balance b/d	39 100 (1of)	(6)
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Question Number	Answer AO2 (4)	Mark																														
3(b)(ii)	<p>Award 1 mark for each correct figure as indicated. Award 1 mark for all correct labels and dates.</p> <p style="text-align: center;">Capital Account - Simone</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 Oct 2017</td> <td>Goodwill</td> <td>30 000 (1)</td> <td>1 April 2017</td> <td>Balance b/d</td> <td>150 000</td> </tr> <tr> <td>31 March 2018</td> <td>Balance c/d</td> <td>168 000</td> <td>1 Oct 2017</td> <td>Goodwill</td> <td>48 000 (1)</td> </tr> <tr> <td></td> <td></td> <td><u>198 000</u></td> <td></td> <td></td> <td><u>198 000</u></td> </tr> <tr> <td></td> <td></td> <td></td> <td>1 April 2018</td> <td>Balance b/d</td> <td>168 000 (1of)</td> </tr> </tbody> </table>	Date	Details	\$	Date	Details	\$	1 Oct 2017	Goodwill	30 000 (1)	1 April 2017	Balance b/d	150 000	31 March 2018	Balance c/d	168 000	1 Oct 2017	Goodwill	48 000 (1)			<u>198 000</u>			<u>198 000</u>				1 April 2018	Balance b/d	168 000 (1of)	(4)
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Additional guidance

Allow netting off of goodwill.

Question Number	Answer AO2 (5)	Mark																																																												
3(c)	<p>Award 1 mark for each correct figure with understandable label as indicated.</p> <p style="text-align: center;">Rosa, Simone and Tia Statement of financial Position at 31 March 2018</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th></th> <th></th> <th></th> <th style="text-align: center;">\$</th> <th></th> </tr> </thead> <tbody> <tr> <td>Equity and liabilities</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Equity</td> <td style="text-align: center;">Rosa</td> <td style="text-align: center;">Simone</td> <td style="text-align: center;">Tia</td> <td></td> <td></td> </tr> <tr> <td>Capital account</td> <td style="text-align: right;">112 000</td> <td style="text-align: right;">168 000</td> <td style="text-align: right;">120 000</td> <td style="text-align: right;">400 000</td> <td style="text-align: right;">(1of)</td> </tr> <tr> <td>Current account</td> <td style="text-align: right;">27 800</td> <td style="text-align: right;">39 100</td> <td style="text-align: right;">19 000</td> <td style="text-align: right;">85 900</td> <td style="text-align: right;">(1of)</td> </tr> <tr> <td>Total equity</td> <td></td> <td></td> <td></td> <td style="text-align: right;">485 900</td> <td style="text-align: right;">(1of)</td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Current liabilities</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Trade and other payables</td> <td></td> <td></td> <td></td> <td style="text-align: right;">48 725</td> <td style="text-align: right;">(1)</td> </tr> <tr> <td>Total equity and liabilities</td> <td></td> <td></td> <td></td> <td style="text-align: right;">534 625</td> <td style="text-align: right;">(1of)</td> </tr> </tbody> </table>					\$		Equity and liabilities						Equity	Rosa	Simone	Tia			Capital account	112 000	168 000	120 000	400 000	(1of)	Current account	27 800	39 100	19 000	85 900	(1of)	Total equity				485 900	(1of)							Current liabilities						Trade and other payables				48 725	(1)	Total equity and liabilities				534 625	(1of)	(5)
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<p>Additional guidance Capital and current accounts must be listed individually for partners, with sub totals.</p>																																																														

Question Number	Answer AO1 (2)	Mark
3(d)	<p>Award 1 mark for each correct answer up to a maximum of 2 marks.</p> <p>Profits and losses shared equally (1) No partnership salary (1) Partnership loan interest charged at 5% (1) No interest on drawings (1) No interest on capital (1)</p>	(2)

Total for Question 3 = 20 marks

Question Number	Answer AO2 (2)	Mark
4(a)(i)	<p>Award marks as indicated.</p> <p>\$2 500 (1) + \$21 500 = \$ 24 000 (1of)</p> <p>OR</p> <p>(\$17 500 - \$15 000) (1) + \$21 500 = \$ 24 000 (1of)</p>	(2)

Additional Guidance

Correct answer only scores 2 marks.
No specific layout required.

Question Number	Answer AO2 (11)	Mark																																																																				
4(a)(ii)	<p>Award marks for correct figures with understandable labels as indicated.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="4" style="text-align: center;">Terry</th> </tr> <tr> <th colspan="4" style="text-align: center;">Statement of profit or loss for the year ended 30 April 2018</th> </tr> <tr> <th></th> <th style="text-align: center;">\$</th> <th style="text-align: center;">\$</th> <th></th> </tr> </thead> <tbody> <tr> <td>Revenue</td> <td></td> <td style="text-align: right;">111 390</td> <td>(1of)</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;">7 500</td> <td></td> <td></td> </tr> <tr> <td>Purchases</td> <td style="text-align: right;">62 990</td> <td></td> <td>(1)</td> </tr> <tr> <td>Closing inventory</td> <td style="text-align: right;">(13 750)</td> <td></td> <td>(1)</td> </tr> <tr> <td></td> <td></td> <td style="text-align: right;">(56 740)</td> <td>(1of)</td> </tr> <tr> <td>Gross profit</td> <td></td> <td style="text-align: right;">54 650</td> <td>(1of)</td> </tr> <tr> <td>Expenses</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Depreciation charge</td> <td style="text-align: right;">3 500</td> <td></td> <td>(1)</td> </tr> <tr> <td>Electricity W1</td> <td style="text-align: right;">1 175</td> <td></td> <td>(2)</td> </tr> <tr> <td>General expenses</td> <td style="text-align: right;">33 750</td> <td></td> <td>(1)</td> </tr> <tr> <td>Loss on disposal</td> <td style="text-align: right;">400</td> <td></td> <td>(1)</td> </tr> <tr> <td></td> <td></td> <td style="text-align: right;">(38 825)</td> <td></td> </tr> <tr> <td>Profit for the year</td> <td></td> <td style="text-align: right;">15 825</td> <td>(1of)</td> </tr> </tbody> </table> <p>W1</p> <p>(\$1 250 - \$450) or \$800 (1) + \$375 = \$1 175 (1of)</p> <p>OR</p> <p>\$1 250 - \$450 (1) + \$375 (1) = \$1 175</p>	Terry				Statement of profit or loss for the year ended 30 April 2018					\$	\$		Revenue		111 390	(1of)	Cost of sales				Opening inventory	7 500			Purchases	62 990		(1)	Closing inventory	(13 750)		(1)			(56 740)	(1of)	Gross profit		54 650	(1of)	Expenses				Depreciation charge	3 500		(1)	Electricity W1	1 175		(2)	General expenses	33 750		(1)	Loss on disposal	400		(1)			(38 825)		Profit for the year		15 825	(1of)	(11)
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Additional guidance

Accept the split for the depreciation charge:
Depreciation charge on fixtures and fittings \$1 500
Depreciation charge on machinery \$2 000

Question Number	Answer AO1 (1) AO3 (1)	Mark
4(b)	<p>Award 1 mark for identifying the point and 1 mark for linked justification/reasoning up to a maximum of 2 marks.</p> <p>Control accounts help to prepare the financial statements (1) as the total balances for the trade receivables and payables is available (1)</p> <p>Control accounts help to identify errors (1) as control accounts are reconciled with individual accounts (1).</p> <p>Control accounts help to identify fraud (1) as control accounts and individual accounts are prepared by two separate individuals (1).</p>	(2)

Question Number	Answer AO4 (4) AO5 (1)	Mark
4(c)	<p>Award max 1 mark for analysis of each ratio. Award 1 mark for evaluation. Evaluation mark can only be awarded if at least two ratios analysed.</p> <p>Profitability Gross profit percentage/margin of business Exe is better compared to business Wye, may be because of charging higher selling price in proportion to cost of sales (1).</p> <p>Profit for the year to revenue percentage/margin of business Wye is better compared to business Exe, indicating better control over its operating expenses (1).</p> <p>Liquidity Both business can pay off their short-term debts, but business Exe is better than business Wye as it can pay its short-term liability better from its current assets (1).</p> <p>Quick ratio (acid test) indicates that business Wye is better as it can pay its short-term liabilities from its liquid assets easily and business Exe will struggle (1).</p> <p>Evaluation Any supported evaluation (1).</p>	(5)

Additional guidance

Award 1 for Quick ratio (acid test) mark if stated that business Exe holds more inventory than Business Wye.

Total for Question 4 = 20 marks

Question Number	Answer A02 (6)	Mark														
5(a)	<p>Award marks as indicated.</p> <table border="1" data-bbox="325 371 1353 631"> <thead> <tr> <th></th> <th style="text-align: right;">\$</th> </tr> </thead> <tbody> <tr> <td>Profit for the year</td> <td style="text-align: right;">237 850 (1)</td> </tr> <tr> <td>Depreciation</td> <td style="text-align: right;">445 000 (1)</td> </tr> <tr> <td>Increase in inventory</td> <td style="text-align: right;">(150 000) (1)</td> </tr> <tr> <td>Increase in trade receivables</td> <td style="text-align: right;">(189 000) (1)</td> </tr> <tr> <td>Decrease in trade payables</td> <td style="text-align: right;">(39 700) (1)</td> </tr> <tr> <td>Net cash from operating activities</td> <td style="text-align: right;">304 150 (1of)</td> </tr> </tbody> </table>		\$	Profit for the year	237 850 (1)	Depreciation	445 000 (1)	Increase in inventory	(150 000) (1)	Increase in trade receivables	(189 000) (1)	Decrease in trade payables	(39 700) (1)	Net cash from operating activities	304 150 (1of)	(6)
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<p>Additional guidance Correct answer only scores 6 marks. No specific layout required.</p>																

Question Number	Answer AO2 (8)	Mark																																													
5(b)	<p>Award marks for correct figures with understandable labels as indicated.</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th colspan="3" style="text-align: center;">S Ltd</th> </tr> <tr> <th colspan="3" style="text-align: center;">Statement of cash flows for the year ended 31 March 2018</th> </tr> <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;">304 150</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;">(856 750) (1)</td> <td></td> </tr> <tr> <td>Net cash used in investing activities</td> <td></td> <td style="text-align: right;">(856 750) (1of)</td> </tr> <tr> <td>Financing activities</td> <td></td> <td></td> </tr> <tr> <td>Issue of shares</td> <td style="text-align: right;">450 000 (1)</td> <td></td> </tr> <tr> <td>Bank loan received</td> <td style="text-align: right;">130 000 (1)</td> <td></td> </tr> <tr> <td>Dividend paid</td> <td style="text-align: right;">(120 000) (1)</td> <td></td> </tr> <tr> <td>Net cash from financing activities</td> <td></td> <td style="text-align: right;">460 000 (1of)</td> </tr> <tr> <td>Net decrease in cash and cash equivalents</td> <td></td> <td style="text-align: right;">(92 600) (1of)</td> </tr> <tr> <td>Cash and cash equivalents at the beginning of the year</td> <td></td> <td style="text-align: right;">*28 850</td> </tr> <tr> <td>Cash and cash equivalents at the end of the year</td> <td></td> <td style="text-align: right;">*(63 750) (1 for both)</td> </tr> </tbody> </table>	S Ltd			Statement of cash flows for the year ended 31 March 2018				\$	\$	Net cash from operating activities		304 150	Investing activities			Acquisition of property, plant and equipment	(856 750) (1)		Net cash used in investing activities		(856 750) (1of)	Financing activities			Issue of shares	450 000 (1)		Bank loan received	130 000 (1)		Dividend paid	(120 000) (1)		Net cash from financing activities		460 000 (1of)	Net decrease in cash and cash equivalents		(92 600) (1of)	Cash and cash equivalents at the beginning of the year		*28 850	Cash and cash equivalents at the end of the year		*(63 750) (1 for both)	(8)
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Question Number	Answer AO1 (2)	Mark
5(c)	<p>Award 1 mark for each correct answer up to a maximum of 2 marks.</p> <p>Dividend received / investment income (1) Proceeds on disposal of non-current assets (1) Issue of debentures (1) Repayment of debentures (1) Short term investment (1)</p> <p>Accept any other appropriate responses.</p>	(2)

Question Number	Answer AO1 (1) AO3 (1)	Mark
5(d)	<p>Award 1 mark for identifying the point and 1 mark for linked justification/reasoning.</p> <p>Profit for the year is prepared on the accrual basis (1) hence the items are adjusted to calculate the amount relevant for the year whereas cash and cash equivalents balance is calculated on receipts and payments basis (cash basis) whether it belongs to the current year or not (1)</p>	(2)

Total for Question 5 = 18 marks

TOTAL FOR PAPER = 100 MARKS