



Mark Scheme

July 2018

Pearson LCCI  
Level 3 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
<b>1(a)</b>	<p><b>Award marks as indicated.</b></p> <p>To check the arithmetical accuracy of the accounts <b>(1)</b></p> <p>To assist in the preparation of the financial statements <b>(1)</b></p>	<b>(2)</b>

Question number	Answer AO2 (3)	Mark										
<b>1(b)</b>	<p><b>Award 1 mark for each correct figure as indicated.</b></p> <table border="1" style="margin-left: auto; margin-right: auto;"> <tr> <td></td> <td style="text-align: center;"><b>\$</b></td> </tr> <tr> <td>Draft inventory valuation</td> <td style="text-align: right;">38 920</td> </tr> <tr> <td>Product A1</td> <td style="text-align: right;">648 <b>(1)</b></td> </tr> <tr> <td>Product B2</td> <td style="text-align: right;">5 429 <b>(1)</b></td> </tr> <tr> <td>Revised inventory valuation</td> <td style="text-align: right;">44 997 <b>(1of)</b></td> </tr> </table>		<b>\$</b>	Draft inventory valuation	38 920	Product A1	648 <b>(1)</b>	Product B2	5 429 <b>(1)</b>	Revised inventory valuation	44 997 <b>(1of)</b>	<b>(3)</b>
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**Additional guidance**

No specific layout required.  
Correct answer only scores 3 marks.

Question number	Answer AO2 (1)	Mark
<b>1(c)(i)</b>	<p><b>Award 1 mark for correct figure.</b></p> <p>15 975 <b>(1)</b></p>	<b>(1)</b>

**Additional guidance**

No specific layout required.

Question number	Answer AO2 (1)	Mark
<b>1(c)(ii)</b>	<p><b>Award 1 mark for correct figure.</b></p> <p>960 <b>(1)</b></p>	<b>(1)</b>

**Additional guidance**

No specific layout required.

Question number	Answer (AO2) 15					Mark
	Award marks as indicated against the correct label.					
1(d)	Dele Extended trial balance extract at 31 May 2018					
	Balance	Adjustments		Statement of profit or loss		
		Debit \$	Credit \$	Debit \$	Credit \$	
Equity	\$ 50 000		410 (1)			
Motor expenses	3 268	410 (1)		3 678 (1of)		
Motor vehicles - accumulated depreciation	36 300		15 975 (1) from c (i)			
Motor vehicles - cost	84 200	16 000 (1)				
Opening inventory	38 312			38 312 (1)		
Trade and other payables	19 969		960 (1of) from c (ii)			
8% Bank loan (2024)			16 000 (1)			
Bank loan interest		960 (1of) from c (ii)		960 (1of) from c (ii)		
Closing inventory - statement of financial position		44 997 (1of) from b				
Closing inventory - statement of profit or loss			44 997 (1of) from b		44 997 (1of) from b	
Depreciation charge		15 975 (1of) from c (i)		15 975 (1of) from c (i)		
					(15)	

**Total for Question 1 = 22 marks**

Question number	Answer AO2 (5)	Mark																														
<b>2(a)(i)</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>Rental Income Account</b></p> <table border="1"> <thead> <tr> <th>Date</th> <th>Details</th> <th>\$</th> <th>Date</th> <th>Details</th> <th>\$</th> </tr> </thead> <tbody> <tr> <td>28 February 2018</td> <td>Statement of profit or loss</td> <td>10 370 <b>(1of)</b></td> <td>1 March 2017</td> <td>Balance b/d</td> <td>810 <b>(1)</b></td> </tr> <tr> <td></td> <td>Balance c/d</td> <td>940</td> <td>28 February 2018</td> <td>Bank</td> <td>10 500 <b>(1)</b></td> </tr> <tr> <td></td> <td></td> <td><u>11 310</u></td> <td></td> <td></td> <td><u>11 310</u></td> </tr> <tr> <td></td> <td></td> <td></td> <td>1 March</td> <td>Balance b/d</td> <td>940 <b>(1)</b></td> </tr> </tbody> </table>	Date	Details	\$	Date	Details	\$	28 February 2018	Statement of profit or loss	10 370 <b>(1of)</b>	1 March 2017	Balance b/d	810 <b>(1)</b>		Balance c/d	940	28 February 2018	Bank	10 500 <b>(1)</b>			<u>11 310</u>			<u>11 310</u>				1 March	Balance b/d	940 <b>(1)</b>	<b>(5)</b>
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<b>2(a)(ii)</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>Insurance Account</b></p> <table border="1"> <thead> <tr> <th>Date</th> <th>Details</th> <th>\$</th> <th>Date</th> <th>Details</th> <th>\$</th> </tr> </thead> <tbody> <tr> <td>1 March 2017</td> <td>Balance b/d</td> <td>105</td> <td>28 February 2018</td> <td>Statement of profit or loss</td> <td>1447 <b>(1of)</b></td> </tr> <tr> <td>28 February 2018</td> <td>Bank</td> <td>1 464 <b>(1)</b></td> <td></td> <td>Balance c/d</td> <td>122</td> </tr> <tr> <td></td> <td></td> <td><u>1 569</u></td> <td></td> <td></td> <td><u>1 569</u></td> </tr> <tr> <td>1 March 2018</td> <td>Balance b/d</td> <td>122 <b>(2/1of)</b></td> <td></td> <td></td> <td></td> </tr> </tbody> </table>	Date	Details	\$	Date	Details	\$	1 March 2017	Balance b/d	105	28 February 2018	Statement of profit or loss	1447 <b>(1of)</b>	28 February 2018	Bank	1 464 <b>(1)</b>		Balance c/d	122			<u>1 569</u>			<u>1 569</u>	1 March 2018	Balance b/d	122 <b>(2/1of)</b>				<b>(5)</b>
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Question number	Answer AO2 (1)	Mark
<b>2(b)(i)</b>	<b>Award 1 mark as indicated.</b>  5 729 Cr <b>(1)</b> Or (5 729) <b>(1)</b>	<b>(1)</b>
<b>Additional guidance</b> No specific layout required.		

Question number	Answer AO2 (3)	Mark
<b>2(b)(ii)</b>	<b>Award marks as indicated.</b>  70 370 <b>(1)</b> – 59 747 <b>(1)</b> = 10 623 <b>(1of)</b>	<b>(3)</b>
<b>Additional guidance</b> No specific layout required. Correct answer only scores 3 marks.		

Question number	Answer AO2 (4)	Mark																																							
<b>2(c)</b>	<p><b>Award marks for correct figures with understandable labels as indicated.</b></p> <p style="text-align: center;"><b>Todd</b> <b>Statement of financial position at 28 February 2018</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><b>Equity and liabilities</b></td> <td></td> <td></td> </tr> <tr> <td><b>Equity</b></td> <td></td> <td></td> </tr> <tr> <td>Balance at 1 March 2017</td> <td style="text-align: right;">101 530</td> <td><b>(1)</b></td> </tr> <tr> <td>Profit for the year</td> <td style="text-align: right;"><u>10 623</u></td> <td></td> </tr> <tr> <td></td> <td style="text-align: right;">112 153</td> <td></td> </tr> <tr> <td>Drawings</td> <td style="text-align: right;">(28 700)</td> <td></td> </tr> <tr> <td><b>Total equity</b></td> <td style="text-align: right;">83 453</td> <td><b>(1of)</b></td> </tr> <tr> <td><b>Current liabilities</b></td> <td></td> <td></td> </tr> <tr> <td>Bank overdraft</td> <td style="text-align: right;">5 729</td> <td></td> </tr> <tr> <td>Other payables</td> <td style="text-align: right;">940</td> <td></td> </tr> <tr> <td></td> <td style="text-align: right;">6 669</td> <td><b>(1of)</b></td> </tr> <tr> <td><b>Total equity and liabilities</b></td> <td style="text-align: right;"><u>90 122</u></td> <td><b>(1of)</b></td> </tr> </tbody> </table>		\$		<b>Equity and liabilities</b>			<b>Equity</b>			Balance at 1 March 2017	101 530	<b>(1)</b>	Profit for the year	<u>10 623</u>			112 153		Drawings	(28 700)		<b>Total equity</b>	83 453	<b>(1of)</b>	<b>Current liabilities</b>			Bank overdraft	5 729		Other payables	940			6 669	<b>(1of)</b>	<b>Total equity and liabilities</b>	<u>90 122</u>	<b>(1of)</b>	<b>(4)</b>
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**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 up to a maximum of 2.</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/winding up the business is simple <b>(1)</b></li> <li>• It's easy to change your legal structure later if circumstances change <b>(1)</b></li> </ul>	<b>(2)</b>

Question Number	Answer AO2 (6)	Mark																																																
<b>3(b)</b>	<p><b>Award 1 mark for each correct figure with understandable label as indicated.</b></p> <p style="text-align: center;"><b>Aung, Bu and Chaw</b> <b>Appropriation Account for the nine-month period ended</b> <b>31 March 2018</b></p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th></th> <th style="text-align: center;">\$</th> <th style="text-align: center;">\$</th> </tr> </thead> <tbody> <tr> <td>Profit for the period</td> <td></td> <td style="text-align: right;">81 000 <b>(1)</b></td> </tr> <tr> <td>Interest on capital</td> <td></td> <td></td> </tr> <tr> <td>Aung</td> <td style="text-align: right;">4 800 <b>(1)</b></td> <td></td> </tr> <tr> <td>Bu</td> <td style="text-align: right;">3 600 <b>(1)</b></td> <td></td> </tr> <tr> <td>Chaw</td> <td style="text-align: right;">4 200 <b>(1)</b></td> <td></td> </tr> <tr> <td></td> <td></td> <td style="text-align: right;">(12 600)</td> </tr> <tr> <td>Salary</td> <td></td> <td></td> </tr> <tr> <td>Bu</td> <td></td> <td style="text-align: right;">(11 250) <b>(1)</b></td> </tr> <tr> <td>Profit available for distribution</td> <td></td> <td style="text-align: right;">57 150</td> </tr> <tr> <td>Share of profit</td> <td></td> <td></td> </tr> <tr> <td>Aung</td> <td></td> <td style="text-align: right;">28 575</td> </tr> <tr> <td>Bu</td> <td></td> <td style="text-align: right;">17 145</td> </tr> <tr> <td>Chaw</td> <td></td> <td style="text-align: right;">11 430</td> </tr> <tr> <td></td> <td></td> <td style="text-align: right;"><b>(1of all three)</b></td> </tr> <tr> <td></td> <td></td> <td style="text-align: right;"><u>57 150</u></td> </tr> </tbody> </table>		\$	\$	Profit for the period		81 000 <b>(1)</b>	Interest on capital			Aung	4 800 <b>(1)</b>		Bu	3 600 <b>(1)</b>		Chaw	4 200 <b>(1)</b>				(12 600)	Salary			Bu		(11 250) <b>(1)</b>	Profit available for distribution		57 150	Share of profit			Aung		28 575	Bu		17 145	Chaw		11 430			<b>(1of all three)</b>			<u>57 150</u>	<b>(6)</b>
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<b>3(c)(i)</b>	<p><b>Award 1 mark for each correct figure as indicated.</b></p> <p>\$ 44195 <b>(2/1of)</b></p>	<b>(2)</b>

**Additional guidance**

No specific layout required.

Correct answer only scores 2 marks.

Question number	Answer A02 (5)	Mark																																				
<b>3(c)(ii)</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>Capital Account - Bu</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 July 2017</td> <td>Goodwill</td> <td>12 000 <b>(1)</b></td> <td>1 April 2017</td> <td>Balance b/d</td> <td>60 000</td> </tr> <tr> <td>31 March 2018</td> <td>Balance c/d</td> <td>78 500</td> <td>1 July 2017</td> <td>Revaluation</td> <td>10 500 <b>(1)</b></td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td>Goodwill</td> <td>20 000 <b>(1)</b></td> </tr> <tr> <td></td> <td></td> <td style="text-align: center;"><u>90 500</u></td> <td></td> <td></td> <td style="text-align: center;"><u>90 500</u></td> </tr> <tr> <td></td> <td></td> <td></td> <td>1 April 2018</td> <td>Balance b/d</td> <td>78 500 <b>(1of)</b></td> </tr> </tbody> </table>	Date	Details	\$	Date	Details	\$	1 July 2017	Goodwill	12 000 <b>(1)</b>	1 April 2017	Balance b/d	60 000	31 March 2018	Balance c/d	78 500	1 July 2017	Revaluation	10 500 <b>(1)</b>					Goodwill	20 000 <b>(1)</b>			<u>90 500</u>			<u>90 500</u>				1 April 2018	Balance b/d	78 500 <b>(1of)</b>	<b>(5)</b>
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<p><b>Additional guidance</b>  Allow netting off of goodwill.</p>																																						

Question number	Answer A03 (4) A05 (1)	Mark
<b>3(d)</b>	<p><b>Award 1 mark for each correctly identified point up to a maximum of 2 marks for each scenario.</b>  <b>Award 1 mark for supported decision.</b></p> <p><b>Scenario 1</b>  Principle of professional ethics  Confidentiality <b>(1)</b>  Explanation  Su can only provide information to the individual partners and not to Chaw's mother <b>(1)</b></p> <p><b>Scenario 2</b>  Principle of professional ethics  Professional competence and due care <b>(1)</b>  Explanation  As Su is only a trainee, she needs to be careful not to give advice that she am not qualified to give <b>(1)</b>  Su must not provide the information and advise <b>(1)</b></p> <p><b>Accept any other appropriate responses.</b></p>	<b>(5)</b>

**Total for Question 3 = 20 marks**

Question number	Answer AO1 (1)	Mark
<b>4(a)(i)</b>	<b>Award 1 mark as indicated.</b>  Investing activities <b>(1)</b>	<b>(1)</b>

Question number	Answer AO1 (1)	Mark
<b>4(a)(ii)</b>	<b>Award 1 mark as indicated.</b>  Operating activities <b>(1)</b>	<b>(1)</b>

Question number	Answer AO2 (4)	Mark																														
<b>4(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>Plant and Equipment – Cost 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 2017</td> <td>Balance b/d</td> <td style="text-align: right;">86 245</td> <td>1 January 2018</td> <td>Disposal</td> <td style="text-align: right;">14 310 <b>(1)</b></td> </tr> <tr> <td>31 March 2018</td> <td>Cash (book)/bank</td> <td style="text-align: right;">19 425 <b>(1of)</b></td> <td>31 March 2018</td> <td>Balance c/d</td> <td style="text-align: right;">91 360</td> </tr> <tr> <td></td> <td></td> <td style="text-align: right;"><u>105 670</u></td> <td></td> <td></td> <td style="text-align: right;"><u>105 670</u></td> </tr> <tr> <td>1 April 2018</td> <td>Balance b/d</td> <td style="text-align: right;">91 360 <b>(1)</b></td> <td></td> <td></td> <td></td> </tr> </tbody> </table>	Date	Details	\$	Date	Details	\$	1 April 2017	Balance b/d	86 245	1 January 2018	Disposal	14 310 <b>(1)</b>	31 March 2018	Cash (book)/bank	19 425 <b>(1of)</b>	31 March 2018	Balance c/d	91 360			<u>105 670</u>			<u>105 670</u>	1 April 2018	Balance b/d	91 360 <b>(1)</b>				<b>(4)</b>
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Question number	Answer AO2 (10)	Mark																																																												
<b>4(c)</b>	<p><b>Award marks for correct figures with understandable labels as indicated.</b></p> <p style="text-align: center;"><b>Pathblazers Ltd</b> <b>Statement of cash flows for the year ended 31 March 2018</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> <th></th> </tr> </thead> <tbody> <tr> <td>Net cash from operating activities</td> <td></td> <td style="text-align: right;">4 740</td> <td></td> </tr> <tr> <td><b>Investing activities</b></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Purchase of plant and equipment</td> <td style="text-align: right;">(19 425)</td> <td></td> <td style="text-align: right;"><b>(1of)</b> <b>from</b> <b>4b</b></td> </tr> <tr> <td>Purchase of investments</td> <td style="text-align: right;">(20 000)</td> <td></td> <td style="text-align: right;"><b>(1)</b></td> </tr> <tr> <td>Proceeds from disposal of plant and equipment</td> <td style="text-align: right;">8 990</td> <td></td> <td style="text-align: right;"><b>(1)</b></td> </tr> <tr> <td>Cash used in investing activities</td> <td></td> <td style="text-align: right;">(30 435)</td> <td style="text-align: right;"><b>(1of)</b></td> </tr> <tr> <td><b>Financing activities</b></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Increase in debentures (2027)</td> <td style="text-align: right;">36 000</td> <td></td> <td style="text-align: right;"><b>(1)</b></td> </tr> <tr> <td>Decrease in debentures (2018)</td> <td style="text-align: right;">(15 000)</td> <td></td> <td style="text-align: right;"><b>(1)</b></td> </tr> <tr> <td>Equity dividends paid</td> <td style="text-align: right;">(14 700)</td> <td></td> <td style="text-align: right;"><b>(1)</b></td> </tr> <tr> <td>Cash from financing activities</td> <td></td> <td style="text-align: right;"><u>6 300</u></td> <td style="text-align: right;"><b>(1of)</b></td> </tr> <tr> <td>Net decrease in cash and cash equivalents</td> <td></td> <td style="text-align: right;">(19 395)</td> <td style="text-align: right;"><b>(1of)</b></td> </tr> <tr> <td>Cash and cash equivalents at the start of the year</td> <td></td> <td style="text-align: right;"><u>16 840</u></td> <td style="text-align: right;"><b>(1)</b> <b>for</b></td> </tr> <tr> <td>Cash and cash equivalents at the end of the year</td> <td></td> <td style="text-align: right;"><u>(2 555)</u></td> <td style="text-align: right;"><b>both</b></td> </tr> </tbody> </table>		\$	\$		Net cash from operating activities		4 740		<b>Investing activities</b>				Purchase of plant and equipment	(19 425)		<b>(1of)</b> <b>from</b> <b>4b</b>	Purchase of investments	(20 000)		<b>(1)</b>	Proceeds from disposal of plant and equipment	8 990		<b>(1)</b>	Cash used in investing activities		(30 435)	<b>(1of)</b>	<b>Financing activities</b>				Increase in debentures (2027)	36 000		<b>(1)</b>	Decrease in debentures (2018)	(15 000)		<b>(1)</b>	Equity dividends paid	(14 700)		<b>(1)</b>	Cash from financing activities		<u>6 300</u>	<b>(1of)</b>	Net decrease in cash and cash equivalents		(19 395)	<b>(1of)</b>	Cash and cash equivalents at the start of the year		<u>16 840</u>	<b>(1)</b> <b>for</b>	Cash and cash equivalents at the end of the year		<u>(2 555)</u>	<b>both</b>	<b>(10)</b>
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Question number	Answer AO1 (2) AO3 (2)	Mark
<b>4(d)</b>	<p><b>Award 1 mark for each identification and 1 mark for each linked justification / reasoning.</b></p> <p>Debentures (2018) this will be shown as a current liability <b>(1)</b> as it is due for repayment in the current financial year <b>(1)</b></p> <p>Debentures (2027) this will be shown as a non-current liability <b>(1)</b> as it is due for repayment after more than one year <b>(1)</b></p>	<b>(4)</b>

**Total for Question 4 = 20 marks**

Question Number	Answer A02 (9)	Mark																																										
<b>5(a)</b>	<p><b>Award 1 mark for each correct figure with understandable label as indicated.</b></p> <p style="text-align: center;"><b>Geline</b> <b>Statement of profit or loss for the year ended 31 May 2018</b></p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 40%;"></th> <th style="width: 30%; text-align: center;">\$</th> <th style="width: 30%; text-align: center;">\$</th> </tr> </thead> <tbody> <tr> <td>Revenue</td> <td></td> <td style="text-align: right;">560 000 <b>(2/1of)</b></td> </tr> <tr> <td><b>Cost of sales</b></td> <td></td> <td></td> </tr> <tr> <td>Opening inventory</td> <td style="text-align: right;">21 000</td> <td></td> </tr> <tr> <td>Purchases</td> <td style="text-align: right;">509 180 <b>(1of)</b></td> <td></td> </tr> <tr> <td>Carriage inwards</td> <td style="text-align: right;">820 <b>(1)</b></td> <td></td> </tr> <tr> <td></td> <td style="text-align: right;">531 000</td> <td></td> </tr> <tr> <td>Closing inventory</td> <td style="text-align: right;">27 000</td> <td></td> </tr> <tr> <td></td> <td></td> <td style="text-align: right;">504 000 <b>(1)</b></td> </tr> <tr> <td>Gross profit</td> <td></td> <td style="text-align: right;">56 000 <b>(1of)</b></td> </tr> <tr> <td><b>Expenses</b></td> <td></td> <td></td> </tr> <tr> <td>General expenses</td> <td style="text-align: right;">19 001 <b>(1)</b></td> <td></td> </tr> <tr> <td>Wages</td> <td style="text-align: right;">3 399 <b>(1of)</b></td> <td style="text-align: right;">22 400</td> </tr> <tr> <td>Profit for the year</td> <td></td> <td style="text-align: right;"><u>33 600</u> <b>(1of)</b></td> </tr> </tbody> </table>		\$	\$	Revenue		560 000 <b>(2/1of)</b>	<b>Cost of sales</b>			Opening inventory	21 000		Purchases	509 180 <b>(1of)</b>		Carriage inwards	820 <b>(1)</b>			531 000		Closing inventory	27 000				504 000 <b>(1)</b>	Gross profit		56 000 <b>(1of)</b>	<b>Expenses</b>			General expenses	19 001 <b>(1)</b>		Wages	3 399 <b>(1of)</b>	22 400	Profit for the year		<u>33 600</u> <b>(1of)</b>	<b>(9)</b>
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Question number	Answer AO1 (1) AO3 (1)	Mark
<b>5(b)</b>	<p><b>Award 1 mark identification and 1 mark for linked justification / reasoning.</b></p> <p><b>Concept</b> Accruals (matching) concept <b>(1)</b>.</p> <p><b>Explanation</b> The general expenses owed at the end of the year are added to payments made in the year as it relates to the current year <b>(1)</b></p>	<b>(2)</b>
<p><b>Additional guidance</b> Accept the explanation with opening balance</p>		

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<b>5(c)(i)</b>	<p><b>Award 1 mark identification and 1 mark for linked justification / reasoning.</b></p> <table border="1"> <thead> <tr> <th>Stakeholder</th> <th>Explanation</th> </tr> </thead> <tbody> <tr> <td>Customers <b>(1)</b></td> <td>to see whether the business be able to provide the products and services in the near future <b>(1)</b></td> </tr> <tr> <td>Suppliers <b>(1)</b></td> <td>to know whether the business will be able to make the payments on due date for the goods supplied <b>(1)</b></td> </tr> <tr> <td>Government <b>(1)</b></td> <td>to ensure that the business is paying the right amount of tax <b>(1)</b></td> </tr> <tr> <td>Banks/providers of external finance <b>(1)</b></td> <td>to know whether the business will be able to service the finance provided and repay the finance provided <b>(1)</b></td> </tr> <tr> <td>Local communities <b>(1)</b></td> <td>to know how the business is contributing towards the community in terms of job opportunities etc <b>(1)</b></td> </tr> <tr> <td>Potential investors <b>(1)</b></td> <td>to know whether the business would be able to provide the return on their investment or not <b>(1)</b></td> </tr> <tr> <td>Managers <b>(1)</b></td> <td>to know the performance of their strategies <b>(1)</b></td> </tr> <tr> <td>Owners <b>(1)</b></td> <td>to know the overall profitability and liquidity of the business <b>(1)</b></td> </tr> <tr> <td>Employees <b>(1)</b></td> <td>to know the security of their job/bonus <b>(1)</b></td> </tr> <tr> <td>Trade associations <b>(1)</b></td> <td>to know how the business is operating in the industry <b>(1)</b></td> </tr> <tr> <td>Trade unions <b>(1)</b></td> <td>to know how the business is complying with policies to protect its members <b>(1)</b></td> </tr> <tr> <td>Competitors <b>(1)</b></td> <td>to know comparative business performance <b>(1)</b></td> </tr> </tbody> </table>	Stakeholder	Explanation	Customers <b>(1)</b>	to see whether the business be able to provide the products and services in the near future <b>(1)</b>	Suppliers <b>(1)</b>	to know whether the business will be able to make the payments on due date for the goods supplied <b>(1)</b>	Government <b>(1)</b>	to ensure that the business is paying the right amount of tax <b>(1)</b>	Banks/providers of external finance <b>(1)</b>	to know whether the business will be able to service the finance provided and repay the finance provided <b>(1)</b>	Local communities <b>(1)</b>	to know how the business is contributing towards the community in terms of job opportunities etc <b>(1)</b>	Potential investors <b>(1)</b>	to know whether the business would be able to provide the return on their investment or not <b>(1)</b>	Managers <b>(1)</b>	to know the performance of their strategies <b>(1)</b>	Owners <b>(1)</b>	to know the overall profitability and liquidity of the business <b>(1)</b>	Employees <b>(1)</b>	to know the security of their job/bonus <b>(1)</b>	Trade associations <b>(1)</b>	to know how the business is operating in the industry <b>(1)</b>	Trade unions <b>(1)</b>	to know how the business is complying with policies to protect its members <b>(1)</b>	Competitors <b>(1)</b>	to know comparative business performance <b>(1)</b>	<b>(2)</b>
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Question number	Answer AO1 (2)	Mark
<b>5(c)(ii)</b>	<p><b>Award 1 mark for each correct answer up to a maximum of 2 marks.</b></p> <p>owners • managers • suppliers • customers • employees • trade associations • government • investors • providers of external finance • competitors • local community • trade union</p>	<b>(2)</b>

Question number	Answer AO4 (4) AO5 (1)	Mark
<b>5(d)</b>	<p><b>Award 1 mark for each analysis point up to a maximum of 4 marks.</b></p> <p><b>Award 1 mark for evaluation.</b></p> <p><b>Evaluation mark can only be awarded if two ratios are analysed.</b></p> <p>eg</p> <p>The gross profit margin has improved which may be due to higher selling price in proportion to purchase price/cost of sales <b>(1)</b></p> <p>The profit for the year as a percentage of revenue has deteriorated indicating the business has not maintained control over its operating expenses <b>(1)</b></p> <p>The return on capital employed has deteriorated this may be due to inefficient use of resources <b>(1)</b></p> <p>The quick (acid) test ratio has also deteriorated, indicating that the business is unable to pay its short term liabilities from its liquid assets <b>(1)</b></p> <p>Any supported evaluation <b>(1)</b></p>	<b>(5)</b>

**Total for Question 5 = 20 marks**

**TOTAL FOR PAPER = 100 MARKS**