



Mark Scheme

**December 2019**

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 AO2(1)	Mark
<b>1(a)(i)</b>	<b>Award mark as indicated.</b>  \$13 290 <b>(1)</b>	<b>(1)</b>
<b>Additional guidance</b> No specific layout required. Correct answer scores only 1 mark.		

Question Number	Answer AO2(2)	Mark
<b>1(a)(ii)</b>	<b>Award mark as indicated.</b>  \$325 <b>(2) W</b> <b>W</b> \$2 150 - \$1 825 <b>(1)</b> = \$325 <b>(1of)</b>	<b>(2)</b>
<b>Additional guidance</b> No specific layout required. Correct answer scores only 2 marks.		

Question Number	Answer AO2 (15)	Mark
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**1(b)** Award 1 mark for each row against correct label as indicated.

<b>Joan</b>			
<b>Extended trial balance extract at 30 September 2019</b>			
	<b>Balance</b>	<b>Adjustments</b>	
	<b>\$</b>	<b>Debit \$</b>	<b>Credit \$</b>
Allowance for doubtful debts	2 150	325 <b>(1of)</b>	
Bank	1 350		
Carriage inwards	2 350	640 <b>(1)</b>	
Carriage outwards	3 900		460 <b>(1)</b>
Drawings	8 250		
Equity	48 500		
Motor vehicle – accumulated depreciation	3 750		4 750 <b>(1)</b>
Motor vehicle - cost	37 500	10 000 <b>(1)</b>	
Opening inventory	9 250		
Other payables	580		
Other receivables	725	1 200 <b>(1)</b>	
Purchases	86 450		10 000 <b>(1)</b>
Rental income	3 600		1 200 <b>(1)</b>
Revenue	178 350		
Trade payables	28 670	900 <b>(1)</b>	
Trade receivables	37 400		900 <b>(1)</b>
Allowance for doubtful debts adjustment			325 <b>(1of)</b>
Closing inventory - statement of financial position		13 290 <b>(1of)</b>	
Closing inventory - statement of profit or loss			13 290 <b>(1of)</b>
Depreciation charge		4 750 <b>(1)</b>	
Suspense			180 <b>(1)</b>

**(15)**

**Total for Question 1 = 18 marks**

Question Number	Answer A02 (7)	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 dates and details.</b></p> <p style="text-align: center;"><b>Trade Payables Ledger Control 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>30 Sep</td> <td>Balance b/d</td> <td>200 <b>(1)</b></td> <td>30 Sep</td> <td>Balance b/d</td> <td>4 602</td> </tr> <tr> <td></td> <td>Cash book</td> <td>1 466 <b>(1)</b></td> <td></td> <td>Journal / Interest charge</td> <td>27 <b>(1)</b></td> </tr> <tr> <td></td> <td>Cash book/ Discount received</td> <td>11 <b>(1)</b></td> <td></td> <td>Cash book</td> <td>200 <b>(1)</b></td> </tr> <tr> <td></td> <td>Balance c/d</td> <td>3 152</td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td></td> <td><u>4 829</u></td> <td></td> <td></td> <td><u>4 829</u></td> </tr> <tr> <td></td> <td></td> <td></td> <td>1 Oct</td> <td>Balance b/d</td> <td>3 152 <b>(1of)</b></td> </tr> </tbody> </table>	Date	Details	\$	Date	Details	\$	30 Sep	Balance b/d	200 <b>(1)</b>	30 Sep	Balance b/d	4 602		Cash book	1 466 <b>(1)</b>		Journal / Interest charge	27 <b>(1)</b>		Cash book/ Discount received	11 <b>(1)</b>		Cash book	200 <b>(1)</b>		Balance c/d	3 152						<u>4 829</u>			<u>4 829</u>				1 Oct	Balance b/d	3 152 <b>(1of)</b>	<b>(7)</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>Cash book - Bank column</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>30 Sept</td> <td>Balance b/d</td> <td>959 <b>(1of)</b></td> <td>30 Sep</td> <td>Lola</td> <td>539</td> </tr> <tr> <td></td> <td>Sera</td> <td>200 <b>(1)</b></td> <td></td> <td>Mona</td> <td>927</td> </tr> <tr> <td></td> <td>Balance c/d</td> <td>307</td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td></td> <td><u>1 466</u></td> <td></td> <td></td> <td><u>1 466</u></td> </tr> <tr> <td></td> <td></td> <td></td> <td>1 Oct</td> <td>Balance b/d</td> <td>307 <b>(1)</b></td> </tr> </tbody> </table>	Date	Details	\$	Date	Details	\$	30 Sept	Balance b/d	959 <b>(1of)</b>	30 Sep	Lola	539		Sera	200 <b>(1)</b>		Mona	927		Balance c/d	307						<u>1 466</u>			<u>1 466</u>				1 Oct	Balance b/d	307 <b>(1)</b>	<b>(4)</b>
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Question Number	Answer A03 (4) A05 (1)
<b>2(b)</b>	<p><b>Award 1 mark for each correctly identified point up to a maximum of 4 marks.</b>  <b>Award 1 mark for supported decision.</b></p> <p><b>Sample answer</b>  Preparation of subsidiary ledgers will help Joe to identify the correct amount due to and due from each individual supplier and customer <b>(1)</b> which will help him to arrange the payments <b>(1)</b> to be made to take advantage of cash discounts <b>(1)</b> from suppliers and offer incentives to the customers to make early payments <b>(1)</b>.</p> <p>Although preparation of subsidiary ledgers is time consuming, but the advantages outweigh the disadvantages hence Joe should continue to prepare the subsidiary ledger accounts. <b>(1)</b>.</p> <p><b>Accept any other appropriate responses.</b></p>

Question Number	Answer A01 (1)	Mark
<b>2(c)(i)</b>	<p><b>Award 1 mark for each interest.</b></p> <p>To compare the performance of the business <b>(1)</b></p> <p><b>Accept any other appropriate responses.</b></p>	<b>(1)</b>

Question Number	Answer A01 (2)	Mark
<b>2(c)(ii)</b>	<p><b>Award 1 mark for each stakeholder.</b></p> <p>Providers of external finance <b>(1)</b>  Employees <b>(1)</b></p> <p><b>Accept any other appropriate responses.</b></p>	<b>(2)</b>

Question Number	Answer A01 (3)	Mark
<b>2(d)</b>	<p><b>Award marks as indicated.</b></p> <p>Statement of profit or loss  To calculate the profit or loss for the year <b>(1)</b></p> <p>Statement of financial position  To assess the financial position <b>(1)</b></p> <p>Statement of cash flows  To assess the reasons for the change in cash and cash equivalents <b>(1)</b></p> <p><b>Accept any other appropriate responses.</b></p>	<b>(3)</b>

**Total for Question 2 = 22 marks**



Question Number	Answer AO1 (1)	Mark
<b>3(a)(i)</b>	<b>Award mark as indicated.</b>  None <b>(1)</b>	<b>(1)</b>

Question Number	Answer AO1 (1)	Mark
<b>3(a)(ii)</b>	<b>Award mark as indicated.</b>  5% <b>(1)</b>	<b>(1)</b>

Question Number	Answer AO2 (14)	Mark																																																																																																																																		
<b>3(b)</b>	<p><b>Award marks for correct figures with labels as indicated.</b></p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="5" style="text-align: center;"><b>Anna and Beena</b></th> </tr> <tr> <th colspan="5" style="text-align: center;"><b>Statement of profit or loss for the year ended 31 August 2019</b></th> </tr> <tr> <th></th> <th style="text-align: center;">\$</th> <th></th> <th style="text-align: center;">\$</th> <th></th> </tr> </thead> <tbody> <tr> <td>Revenue</td> <td></td> <td></td> <td style="text-align: right;">240 000</td> <td></td> </tr> <tr> <td>Cost of sales</td> <td></td> <td></td> <td style="text-align: right;">(144 000)</td> <td style="text-align: right;"><b>(1of)</b></td> </tr> <tr> <td>Gross profit</td> <td></td> <td></td> <td style="text-align: right;">96 000</td> <td style="text-align: right;"><b>(1)</b></td> </tr> <tr> <td>Expenses</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Depreciation charge</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>    Fixtures and fittings</td> <td style="text-align: right;">3 655</td> <td style="text-align: right;"><b>(1)</b></td> <td></td> <td></td> </tr> <tr> <td>    Motor vehicles</td> <td style="text-align: right;">5 120</td> <td style="text-align: right;"><b>(1)</b></td> <td></td> <td></td> </tr> <tr> <td>General expenses</td> <td style="text-align: right;">37 160</td> <td style="text-align: right;"><b>(1)</b></td> <td></td> <td></td> </tr> <tr> <td>Loan interest</td> <td style="text-align: right;">2 000</td> <td style="text-align: right;"><b>(1)</b></td> <td></td> <td></td> </tr> <tr> <td>Rent expenditure</td> <td style="text-align: right;">9 750</td> <td style="text-align: right;"><b>(1)</b></td> <td></td> <td></td> </tr> <tr> <td></td> <td></td> <td></td> <td style="text-align: right;">(57 685)</td> <td></td> </tr> <tr> <td>Profit for the year</td> <td></td> <td></td> <td style="text-align: right;">38 315</td> <td style="text-align: right;"><b>(1of)</b></td> </tr> <tr> <td>Interest on drawings</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>    Anna</td> <td style="text-align: right;">1 675</td> <td style="text-align: right;"><b>(1)</b></td> <td></td> <td></td> </tr> <tr> <td>    Beena</td> <td style="text-align: right;">1 245</td> <td style="text-align: right;"><b>(1)</b></td> <td style="text-align: right;">2 920</td> <td></td> </tr> <tr> <td>Interest on capital</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>    Anna</td> <td style="text-align: right;">15 000</td> <td style="text-align: right;"><b>(1)</b></td> <td></td> <td></td> </tr> <tr> <td>    Beena</td> <td style="text-align: right;">7 500</td> <td style="text-align: right;"><b>(1)</b></td> <td style="text-align: right;">(22 500)</td> <td></td> </tr> <tr> <td>Salary- Anna</td> <td style="text-align: right;">6 150</td> <td style="text-align: right;"><b>(1)</b></td> <td style="text-align: right;">(6 150)</td> <td></td> </tr> <tr> <td>Profit available for distribution</td> <td></td> <td></td> <td style="text-align: right;">12 585</td> <td></td> </tr> <tr> <td>Profit share</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>    Anna</td> <td></td> <td></td> <td style="text-align: right;">7 551</td> <td style="text-align: right;"><b>(1of for both)</b></td> </tr> <tr> <td>    Beena</td> <td></td> <td></td> <td style="text-align: right;">5 034</td> <td></td> </tr> </tbody> </table>	<b>Anna and Beena</b>					<b>Statement of profit or loss for the year ended 31 August 2019</b>						\$		\$		Revenue			240 000		Cost of sales			(144 000)	<b>(1of)</b>	Gross profit			96 000	<b>(1)</b>	Expenses					Depreciation charge					Fixtures and fittings	3 655	<b>(1)</b>			Motor vehicles	5 120	<b>(1)</b>			General expenses	37 160	<b>(1)</b>			Loan interest	2 000	<b>(1)</b>			Rent expenditure	9 750	<b>(1)</b>						(57 685)		Profit for the year			38 315	<b>(1of)</b>	Interest on drawings					Anna	1 675	<b>(1)</b>			Beena	1 245	<b>(1)</b>	2 920		Interest on capital					Anna	15 000	<b>(1)</b>			Beena	7 500	<b>(1)</b>	(22 500)		Salary- Anna	6 150	<b>(1)</b>	(6 150)		Profit available for distribution			12 585		Profit share					Anna			7 551	<b>(1of for both)</b>	Beena			5 034		<b>(14)</b>
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<b>3(c)</b>	<p><b>Award 1 mark for identification and 1 mark for linked justification /reasoning.</b></p> <p>As the interest rate on the loan is higher than the interest rate on capital by 3% <b>(1)</b> therefore Beena’s return will be higher <b>(1)</b>.</p> <p><b>Accept any other appropriate responses.</b></p>	<b>(2)</b>

**Total for Question 3 = 18 marks**

Question Number	Answer AO1 (4)	Mark
<b>4(a)</b>	<p><b>Award marks as indicated.</b></p> <p>Private limited company            1 No minimum share capital <b>(1)</b>            2 Shares cannot be traded publicly <b>(1)</b></p> <p>Public limited company (plc)            1 \$50 000 minimum share capital <b>(1)</b>            2 Shares can be traded on the stock exchange <b>(1)</b></p> <p><b>Accept any other appropriate responses.</b></p>	<b>(4)</b>

Question Number	Answer AO2 (4)	Mark																								
<b>4(b)</b>	<p><b>Award 1 mark for each correct date, detail and amount in combination.</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>23 July 2019</td> <td>Equipment -(Cost)</td> <td style="text-align: right;">150 000 <b>(1)</b></td> <td>23 July 2019</td> <td>(Equipment) - accumulated depreciation</td> <td style="text-align: right;">54 000 <b>(1)</b></td> </tr> <tr> <td>30 September 2019</td> <td>Statement of profit or loss</td> <td style="text-align: right;">2 000 <b>(1)</b></td> <td>23 July 2019</td> <td>Cash book / Bank</td> <td style="text-align: right;">98 000 <b>(1of)</b></td> </tr> <tr> <td></td> <td></td> <td style="text-align: right; border-top: 1px solid black;">152 000</td> <td></td> <td></td> <td style="text-align: right; border-top: 1px solid black;">152 000</td> </tr> </tbody> </table>	Date	Details	\$	Date	Details	\$	23 July 2019	Equipment -(Cost)	150 000 <b>(1)</b>	23 July 2019	(Equipment) - accumulated depreciation	54 000 <b>(1)</b>	30 September 2019	Statement of profit or loss	2 000 <b>(1)</b>	23 July 2019	Cash book / Bank	98 000 <b>(1of)</b>			152 000			152 000	<b>(4)</b>
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Question Number	Answer A02(2)	Mark
<b>4(c)(i)</b>	<b>Award marks as indicated.</b>  \$150 000 <b>(2) W</b>  <b>W</b> \$ 62 500 <u>  87 500 (1)</u> <u>150 000 (1of)</u>	<b>(2)</b>
<b>Additional guidance</b> No specific layout required. Correct answer scores only 2 marks.		

Question Number	Answer A02(2)	Mark
<b>4(c)(ii)</b>	<b>Award marks as indicated.</b>  \$200 000 <b>(2) W</b>  <b>W</b> \$ 50 000 <b>(1)</b> <u>150 000</u> <u>200 000 (1of)</u>	<b>(2)</b>
<b>Additional guidance</b> No specific layout required. Correct answer scores only 2 marks.		

Question Number	Answer AO2 (8)	Mark																																													
<b>4(d)</b>	<p><b>Award marks for correct figures with labels as indicated.</b></p> <table border="1"> <thead> <tr> <th colspan="3" style="text-align: center;"><b>Lemast Ltd</b></th> </tr> <tr> <th colspan="3" style="text-align: center;"><b>Statement of cash flows for the year ended 30 September 2019</b></th> </tr> <tr> <th></th> <th style="text-align: center;"><b>\$</b></th> <th style="text-align: center;"><b>\$</b></th> </tr> </thead> <tbody> <tr> <td>Net cash from operating activities</td> <td></td> <td style="text-align: right;">19 670</td> </tr> <tr> <td>Investing activities</td> <td></td> <td></td> </tr> <tr> <td>Acquisition of equipment</td> <td style="text-align: right;">(200 000) <b>(1of from c(ii))</b></td> <td></td> </tr> <tr> <td>Disposal proceeds of equipment</td> <td style="text-align: right;">98 000 <b>(1of from b)</b></td> <td></td> </tr> <tr> <td>Net cash used in investing activities</td> <td></td> <td style="text-align: right;">(102 000) <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;">150 000 <b>(1of from c(i))</b></td> <td></td> </tr> <tr> <td>Repayment of bank loan</td> <td style="text-align: right;">(50 000) <b>(1)</b></td> <td></td> </tr> <tr> <td>Net cash from financing activities</td> <td></td> <td style="text-align: right;">100 000 <b>(1of)</b></td> </tr> <tr> <td>Net increase in cash and cash equivalents</td> <td></td> <td style="text-align: right;">17 670 <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;">(7 270)</td> </tr> <tr> <td>Cash and cash equivalents at the end of the year</td> <td></td> <td style="text-align: right;">10 400 <b>(1 for both)</b></td> </tr> </tbody> </table>	<b>Lemast Ltd</b>			<b>Statement of cash flows for the year ended 30 September 2019</b>				<b>\$</b>	<b>\$</b>	Net cash from operating activities		19 670	Investing activities			Acquisition of equipment	(200 000) <b>(1of from c(ii))</b>		Disposal proceeds of equipment	98 000 <b>(1of from b)</b>		Net cash used in investing activities		(102 000) <b>(1of)</b>	Financing activities			Issue of shares	150 000 <b>(1of from c(i))</b>		Repayment of bank loan	(50 000) <b>(1)</b>		Net cash from financing activities		100 000 <b>(1of)</b>	Net increase in cash and cash equivalents		17 670 <b>(1of)</b>	Cash and cash equivalents at the beginning of the year		(7 270)	Cash and cash equivalents at the end of the year		10 400 <b>(1 for both)</b>	<b>(8)</b>
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**Total for Question 4 = 20 marks**

Question Number	Answer AO2 (2)	Mark
<b>5(a)</b>	<b>Award mark as indicated.</b>  Capital expenditure \$149 000 <b>(1)</b> Revenue expenditure \$500 <b>(1)</b>	<b>(2)</b>

Question Number	Answer AO2 (1)	Mark
<b>5(b)</b>	<b>Award mark as indicated.</b>  \$18 000 <b>(1)</b>	<b>(1)</b>
<b>Additional guidance</b> No specific layout required. Correct answer scores only 1 mark.		

Question Number	Answer AO2 (4)	Mark
<b>5(c)</b>	<b>Award mark as indicated.</b>  \$46 500 <b>(4) W</b>  <b>W</b> \$ 54 980 (2 480) <b>(1)</b> 1 000 <b>(1)</b> <u>5 000</u> <b>(1)</b> <u>46 500</u> <b>(1of)</b>	<b>(4)</b>
<b>Additional guidance</b> No specific layout required. Correct answer scores only 4 marks.		

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5(d)	<p><b>Award marks for correct figures with understandable labels as indicated.</b></p> <table border="1"> <thead> <tr> <th colspan="4" style="text-align: center;"><b>Mahima</b></th> </tr> <tr> <th colspan="4" style="text-align: center;"><b>Statement of financial position at 30 June 2019</b></th> </tr> <tr> <th style="text-align: left;"><b>Assets</b></th> <th style="text-align: center;">\$</th> <th style="text-align: center;">\$</th> <th></th> </tr> </thead> <tbody> <tr> <td colspan="4"><b>Non-current Assets</b></td> </tr> <tr> <td>Premises</td> <td style="text-align: right;">121 520</td> <td></td> <td style="text-align: right;"><b>(1)</b></td> </tr> <tr> <td>Tables and chairs</td> <td style="text-align: right;">9 000</td> <td></td> <td style="text-align: right;"><b>(1)</b></td> </tr> <tr> <td>Kitchen renovations</td> <td style="text-align: right;">10 000</td> <td></td> <td style="text-align: right;"><b>(1)</b></td> </tr> <tr> <td></td> <td></td> <td style="text-align: right;">140 520</td> <td></td> </tr> <tr> <td colspan="4"><b>Current Assets</b></td> </tr> <tr> <td>Inventory</td> <td style="text-align: right;">28 950</td> <td></td> <td></td> </tr> <tr> <td>Cash and cash equivalent</td> <td style="text-align: right;">41 030</td> <td></td> <td style="text-align: right;"><b>(1of)</b></td> </tr> <tr> <td></td> <td></td> <td style="text-align: right;">69 980</td> <td></td> </tr> <tr> <td><b>Total assets</b></td> <td></td> <td style="text-align: right;"><b>210 500</b></td> <td></td> </tr> <tr> <td colspan="4"><b>Equity and liabilities</b></td> </tr> <tr> <td colspan="4"><b>Equity</b></td> </tr> <tr> <td>Opening equity</td> <td style="text-align: right;">120 000</td> <td></td> <td></td> </tr> <tr> <td>Profit for the year</td> <td style="text-align: right;">46 500</td> <td></td> <td style="text-align: right;"><b>(1of)</b></td> </tr> <tr> <td>Drawings</td> <td style="text-align: right;">(3 500)</td> <td></td> <td></td> </tr> <tr> <td><b>Total equity</b></td> <td></td> <td style="text-align: right;">163 000</td> <td></td> </tr> <tr> <td colspan="4"><b>Non-current liabilities</b></td> </tr> <tr> <td>Bank loan</td> <td></td> <td style="text-align: right;">29 500</td> <td style="text-align: right;"><b>(1)</b></td> </tr> <tr> <td colspan="4"><b>Current liabilities</b></td> </tr> <tr> <td>Trade payables</td> <td></td> <td style="text-align: right;">18 000</td> <td style="text-align: right;"><b>(1of)</b></td> </tr> <tr> <td><b>Total liabilities</b></td> <td></td> <td style="text-align: right;"><b>47 500</b></td> <td></td> </tr> <tr> <td><b>Total equity and liabilities</b></td> <td></td> <td style="text-align: right;"><b>210 500</b></td> <td style="text-align: right;"><b>(1of)</b></td> </tr> </tbody> </table>	<b>Mahima</b>				<b>Statement of financial position at 30 June 2019</b>				<b>Assets</b>	\$	\$		<b>Non-current Assets</b>				Premises	121 520		<b>(1)</b>	Tables and chairs	9 000		<b>(1)</b>	Kitchen renovations	10 000		<b>(1)</b>			140 520		<b>Current Assets</b>				Inventory	28 950			Cash and cash equivalent	41 030		<b>(1of)</b>			69 980		<b>Total assets</b>		<b>210 500</b>		<b>Equity and liabilities</b>				<b>Equity</b>				Opening equity	120 000			Profit for the year	46 500		<b>(1of)</b>	Drawings	(3 500)			<b>Total equity</b>		163 000		<b>Non-current liabilities</b>				Bank loan		29 500	<b>(1)</b>	<b>Current liabilities</b>				Trade payables		18 000	<b>(1of)</b>	<b>Total liabilities</b>		<b>47 500</b>		<b>Total equity and liabilities</b>		<b>210 500</b>	<b>(1of)</b>	<b>(8)</b>
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Question Number	Answer A03 (2)	Mark
<b>5(e)</b>	<p><b>Award 1 mark for identification and 1 mark for linked justification /reasoning.</b></p> <p>Equity will decrease <b>(1)</b> due to a decrease in the profit for the year as writing off the kitchen improvements in the first year will increase the revenue expenditure <b>(1)</b>.</p> <p><b>Accept any other appropriate responses.</b></p>	<b>(2)</b>

Question Number	Answer A04(4) and A05(1)	Mark
<b>5(f)</b>	<p><b>Award up to max 4 mark for analysis.</b></p> <p><b>Award 1 mark for evaluation.</b></p> <p><b>Evaluation mark can only be awarded if at least two points are analysed.</b></p> <p>Profitability may improve as Mahima’s cost of sales <b>(1)</b> will decrease due to the trade discount <b>(1)</b></p> <p>Liquidity may deteriorate due to earlier cash outflow <b>(1)</b> as payment must be made immediately <b>(1)</b></p> <p>Overall there will be a positive effect on profitability and a negative effect on liquidity <b>(1)</b></p> <p><b>Accept any other appropriate responses.</b></p>	<b>(5)</b>

**Total for Question 5 = 22 marks**

**TOTAL FOR PAPER = 100 MARKS**