



Mark Scheme

March 2019

Pearson LCCI
Certificate in Financial Accounting
Level 3
(ASE20097)

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March 2019

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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 (3)	Mark																														
1(a)	<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;">Allowance for Doubtful Debts Account</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>Date</th> <th>Details</th> <th>\$</th> <th>Date</th> <th>Details</th> <th>\$</th> </tr> </thead> <tbody> <tr> <td>31 Jan 2019</td> <td>Balance c/d</td> <td>1 737</td> <td>1 Feb 2018</td> <td>Balance b/d</td> <td>1 530</td> </tr> <tr> <td></td> <td></td> <td></td> <td>31 Jan 2019</td> <td>Allowance for doubtful debts - adjustment</td> <td>207 (1of)</td> </tr> <tr> <td></td> <td></td> <td>1 737</td> <td></td> <td></td> <td>1 737</td> </tr> <tr> <td></td> <td></td> <td></td> <td>1 Feb 2019</td> <td>Balance b/d</td> <td>1 737 (1)</td> </tr> </tbody> </table>	Date	Details	\$	Date	Details	\$	31 Jan 2019	Balance c/d	1 737	1 Feb 2018	Balance b/d	1 530				31 Jan 2019	Allowance for doubtful debts - adjustment	207 (1of)			1 737			1 737				1 Feb 2019	Balance b/d	1 737 (1)	(3)
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<p>Additional guidance Accept Statement of profit or loss for adjustment</p>																																

Question number	Answer AO2 (1)	Mark
1(b)	<p>Award mark as indicated</p> <p>36 360 (1)</p>	(1)
<p>Additional guidance Correct answer only scores 1 mark. No specific layout required</p>		

Question number	Answer AO1 (1)	Mark
1(c)	<p>Award 1 mark as indicated</p> <p>To enable adjustments to be processed (1)</p>	(1)

Question number	Answer (A02) 14	Mark																																																																																																																																		
1(d)	<p>Award 1 mark for each correct figure against correct label as indicated.</p> <table border="1"> <thead> <tr> <th colspan="5">Amit – Extended Trial Balance at 31 January 2019</th> </tr> <tr> <th></th> <th>Balance</th> <th colspan="2">Adjustments</th> <th></th> </tr> <tr> <th></th> <th>\$</th> <th>Debit \$</th> <th>Credit \$</th> <th></th> </tr> </thead> <tbody> <tr> <td>8% bank loan</td> <td>14 400</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Allowance for doubtful debts</td> <td>1 530</td> <td></td> <td>207</td> <td>(1of)</td> </tr> <tr> <td>Bank</td> <td>3 150</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Equity</td> <td>61 320</td> <td></td> <td></td> <td></td> </tr> <tr> <td>General expenses</td> <td>28 140</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Motor vehicles – cost</td> <td>36 000</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Motor vehicles – accumulated depreciation</td> <td>12 960</td> <td></td> <td>5 760</td> <td>(1)</td> </tr> <tr> <td>Opening inventory</td> <td>32 200</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Premises – cost</td> <td>65 400</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Purchases</td> <td>92 830</td> <td></td> <td>400</td> <td>(1)</td> </tr> <tr> <td>Rental income</td> <td>3 500</td> <td>500</td> <td></td> <td>(1)</td> </tr> <tr> <td>Revenue</td> <td>193 620</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Trade payables</td> <td>14 710</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Trade receivables</td> <td>36 190</td> <td></td> <td>1 450</td> <td>(1)</td> </tr> <tr> <td>Wages and salaries</td> <td>14 430</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Allowance for doubtful debts – adjustment</td> <td></td> <td>207</td> <td></td> <td>(1of)</td> </tr> <tr> <td>Bank interest</td> <td></td> <td>864</td> <td></td> <td>(1)</td> </tr> <tr> <td>Closing inventory–statement of financial position</td> <td></td> <td>36 360</td> <td></td> <td>(1of)</td> </tr> <tr> <td>Closing inventory–statement of profit or loss</td> <td></td> <td></td> <td>36 360</td> <td>(1of)</td> </tr> <tr> <td>Depreciation charge</td> <td></td> <td>5 760</td> <td></td> <td>(1)</td> </tr> <tr> <td>Drawings</td> <td></td> <td>400</td> <td></td> <td>(1)</td> </tr> <tr> <td>Irrecoverable debts</td> <td></td> <td>1 450</td> <td></td> <td>(1)</td> </tr> <tr> <td>Other payables</td> <td></td> <td></td> <td>1364</td> <td>(2 /1of)</td> </tr> </tbody> </table>	Amit – Extended Trial Balance at 31 January 2019						Balance	Adjustments				\$	Debit \$	Credit \$		8% bank loan	14 400				Allowance for doubtful debts	1 530		207	(1of)	Bank	3 150				Equity	61 320				General expenses	28 140				Motor vehicles – cost	36 000				Motor vehicles – accumulated depreciation	12 960		5 760	(1)	Opening inventory	32 200				Premises – cost	65 400				Purchases	92 830		400	(1)	Rental income	3 500	500		(1)	Revenue	193 620				Trade payables	14 710				Trade receivables	36 190		1 450	(1)	Wages and salaries	14 430				Allowance for doubtful debts – adjustment		207		(1of)	Bank interest		864		(1)	Closing inventory–statement of financial position		36 360		(1of)	Closing inventory–statement of profit or loss			36 360	(1of)	Depreciation charge		5 760		(1)	Drawings		400		(1)	Irrecoverable debts		1 450		(1)	Other payables			1364	(2 /1of)	
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TOTAL FOR QUESTION 1 = 19 Marks

Question number	Answer AO2 (6)	Mark
2(a)(i)	<p>Award mark as indicated.</p> <p>To reward partner on his retirement for his efforts to set up the business. (1)</p> <p>Accept any other appropriate responses</p>	(1)

Question number	Answer AO2 (6)	Mark																
2(a)(ii)	<p>Award marks as indicated</p> <table border="1" style="margin-left: 40px;"> <thead> <tr> <th>Partner</th> <th>\$</th> <th>Debit (✓)</th> <th>Credit (✓)</th> </tr> </thead> <tbody> <tr> <td>Aysha</td> <td>6 500 (1)</td> <td>✓(1)</td> <td></td> </tr> <tr> <td>Binti</td> <td>6 500 (1)</td> <td>✓(1)</td> <td></td> </tr> <tr> <td>Chan</td> <td>13 000 (1)</td> <td></td> <td>✓(1)</td> </tr> </tbody> </table>	Partner	\$	Debit (✓)	Credit (✓)	Aysha	6 500 (1)	✓ (1)		Binti	6 500 (1)	✓ (1)		Chan	13 000 (1)		✓ (1)	(6)
Partner	\$	Debit (✓)	Credit (✓)															
Aysha	6 500 (1)	✓ (1)																
Binti	6 500 (1)	✓ (1)																
Chan	13 000 (1)		✓ (1)															

Question number	Answer AO2 (3)	Mark
2(b)	<p>Award marks as indicated.</p> <p style="text-align: center;">\$</p> <p>Aysha 650 (1)</p> <p>Binti 600 (1)</p> <p>Chan 300 (1)</p>	(3)

Additional guidance

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

Question number	Answer AO2 (3)	Mark															
2(c)	<p>Award marks as indicated.</p> <p>\$11906 (1) W</p> <p>W</p> <table border="1" style="margin-left: 40px;"> <thead> <tr> <th></th> <th>\$</th> <th></th> </tr> </thead> <tbody> <tr> <td>Profit for 9 months</td> <td>61 080</td> <td>(1)</td> </tr> <tr> <td>Interest on capital</td> <td>(1 550)</td> <td>(1of)</td> </tr> <tr> <td></td> <td>59 530</td> <td></td> </tr> <tr> <td>Chan's share (1/5)</td> <td>11 906</td> <td>(1of)</td> </tr> </tbody> </table>		\$		Profit for 9 months	61 080	(1)	Interest on capital	(1 550)	(1of)		59 530		Chan's share (1/5)	11 906	(1of)	(3)
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Additional guidance

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

Question number	Answer AO2 (5)	Mark																																								
2(d)	<p>Award 1 mark for correct figures as indicated. Award 1 mark for all correct labels and dates. Capital Account -Chan</p> <table border="1"> <thead> <tr> <th>Date</th> <th>Details</th> <th>\$</th> <th>Date</th> <th>Details</th> <th>\$</th> <th></th> </tr> </thead> <tbody> <tr> <td>Oct 31</td> <td>Drawings</td> <td>13 500 (1)</td> <td>Feb 1</td> <td>Balance b/d</td> <td>8 000</td> <td></td> </tr> <tr> <td></td> <td>Realisation</td> <td>12 000 (1)</td> <td>Oct 31</td> <td>Appropriation</td> <td>300</td> <td rowspan="3">(1of)</td> </tr> <tr> <td></td> <td>Loan</td> <td>5 000</td> <td></td> <td>Appropriation</td> <td>11 906</td> </tr> <tr> <td></td> <td>Bank</td> <td>2 706 (1of)</td> <td></td> <td>Goodwill</td> <td>13 000</td> </tr> <tr> <td></td> <td></td> <td>33 206</td> <td></td> <td></td> <td>33 206</td> <td></td> </tr> </tbody> </table>	Date	Details	\$	Date	Details	\$		Oct 31	Drawings	13 500 (1)	Feb 1	Balance b/d	8 000			Realisation	12 000 (1)	Oct 31	Appropriation	300	(1of)		Loan	5 000		Appropriation	11 906		Bank	2 706 (1of)		Goodwill	13 000			33 206			33 206		(5)
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Question number	Answer AO2 (4)	Mark																		
2(e)	<p>Award 1 mark for each correct figure against correct label as indicated. Aysha and Binti Statement of financial position at 31 January 2019</p> <table border="1"> <thead> <tr> <th>Non-current liabilities</th> <th>\$</th> <th></th> </tr> </thead> <tbody> <tr> <td>Chan's 10% loan account</td> <td>5 000</td> <td>(1)</td> </tr> <tr> <th>Current liabilities</th> <td></td> <td></td> </tr> <tr> <td>Trade and other payables</td> <td>7 325</td> <td>(1)</td> </tr> <tr> <td>Bank overdraft</td> <td>2 990</td> <td>(1)</td> </tr> <tr> <td>Total liabilities</td> <td>15 315</td> <td>(1of)</td> </tr> </tbody> </table>	Non-current liabilities	\$		Chan's 10% loan account	5 000	(1)	Current liabilities			Trade and other payables	7 325	(1)	Bank overdraft	2 990	(1)	Total liabilities	15 315	(1of)	(4)
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Bank overdraft	2 990	(1)																		
Total liabilities	15 315	(1of)																		

TOTAL FOR QUESTION 2 = 22 Marks

Question number	Answer AO1 (4)	Mark
3(a)	<p>Award mark as indicated</p> <p>Employees</p> <p>To assess the security of the business for continuing employment (1) To assess the possibility of future pay rises (1)</p> <p>Local community</p> <p>To assess the impact of the business on the environment (1) To assess the impact of the business on the local economy (1)</p> <p>Accept any other appropriate responses</p>	(4)

Question number	Answer AO2 (3)	Mark																																								
3(b)(i)	<p>Award marks for correct figures with understandable labels as indicated.</p> <p style="text-align: center;">Abi</p> <p style="text-align: center;">Statement of profit or loss for the year ended 31 January 2019</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <tbody> <tr> <td></td> <td style="text-align: center;">\$</td> <td></td> <td style="text-align: center;">\$</td> <td></td> </tr> <tr> <td>Revenue</td> <td></td> <td></td> <td style="text-align: right;">156 750</td> <td></td> </tr> <tr> <td>Cost of sales</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Opening inventory</td> <td style="text-align: right;">24 600</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Purchases</td> <td style="text-align: right;">106 870</td> <td style="text-align: center;">(1of)</td> <td></td> <td></td> </tr> <tr> <td></td> <td style="text-align: right;">131 470</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Closing inventory</td> <td style="text-align: right;">(26 970)</td> <td></td> <td style="text-align: right;">104 500</td> <td style="text-align: center;">(1)</td> </tr> <tr> <td>Gross profit</td> <td></td> <td></td> <td style="text-align: right;">52 250</td> <td style="text-align: center;">(1)</td> </tr> </tbody> </table>		\$		\$		Revenue			156 750		Cost of sales					Opening inventory	24 600				Purchases	106 870	(1of)				131 470				Closing inventory	(26 970)		104 500	(1)	Gross profit			52 250	(1)	(3)
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Question number	Answer AO2 (3)	Mark
3(b)(ii)	<p>Award mark as indicated</p> <p>4.05 times (1of)</p>	(1)

Question number	Answer AO3 (4)	Mark
3(b)(iii)	<p>Award 1 mark for identification and 1 mark for linked justification</p> <p>Profitability ratios The profit for the year as a percentage of revenue ratio will decrease with no change in gross profit margin (1) due to an increase in inventory holding (1) costs because of slow moving inventory.</p> <p>Liquidity ratios The current ratio will increase due to an increase in inventory whereas there will be no effect on the acid test ratio (1) as inventory is excluded (1) causing a decrease in liquidity.</p> <p>Accept any other appropriate responses</p>	(4)

Question number	Answer AO2 (5)	Mark																																				
3(c)	<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;">Telephone Expenses Account</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 Feb 2018</td> <td>Balance b/d</td> <td>80</td> <td>1 Feb 2018</td> <td>Balance b/d</td> <td>275 (1 for both)</td> </tr> <tr> <td>31 Jan 2019</td> <td>Cash book</td> <td>1 580 (1)</td> <td>31 Jan 2019</td> <td>Statement of profit or loss</td> <td>1 505 (1of)</td> </tr> <tr> <td></td> <td>Balance c/d</td> <td>160</td> <td></td> <td>Balance c/d</td> <td>40</td> </tr> <tr> <td></td> <td></td> <td>1 820</td> <td></td> <td></td> <td>1 820</td> </tr> <tr> <td>1 Feb 2019</td> <td>Balance b/d</td> <td>40</td> <td>1 Feb 2019</td> <td>Balance b/d</td> <td>160 (1 for both)</td> </tr> </tbody> </table>	Date	Details	\$	Date	Details	\$	1 Feb 2018	Balance b/d	80	1 Feb 2018	Balance b/d	275 (1 for both)	31 Jan 2019	Cash book	1 580 (1)	31 Jan 2019	Statement of profit or loss	1 505 (1of)		Balance c/d	160		Balance c/d	40			1 820			1 820	1 Feb 2019	Balance b/d	40	1 Feb 2019	Balance b/d	160 (1 for both)	(5)
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3(d)	<p>Award marks as indicated.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th>Characteristic</th> <th>Public Sector</th> <th>Private Sector</th> </tr> </thead> <tbody> <tr> <td>Maximise profit</td> <td></td> <td>✓ (1)</td> </tr> <tr> <td>Financed by share capital</td> <td></td> <td>✓ (1)</td> </tr> <tr> <td>Financed by tax revenue</td> <td>✓ (1)</td> <td></td> </tr> <tr> <td>Maximise market share</td> <td></td> <td>✓ (1)</td> </tr> </tbody> </table>	Characteristic	Public Sector	Private Sector	Maximise profit		✓ (1)	Financed by share capital		✓ (1)	Financed by tax revenue	✓ (1)		Maximise market share		✓ (1)	(4)
Characteristic	Public Sector	Private Sector															
Maximise profit		✓ (1)															
Financed by share capital		✓ (1)															
Financed by tax revenue	✓ (1)																
Maximise market share		✓ (1)															

TOTAL FOR QUESTION 3 = 21 marks

Question number	Answer (AO2) 2	Mark
4(a)	<p>Award 1 mark for each correct figure as indicated.</p> <p>\$86 910 (2) W</p> <p>W</p> <p>\$86 100 + \$(2 150 - 1 820) + \$480 (1) = \$86 910 (1of)</p>	(2)
<p>Additional guidance Correct answer only scores 2 marks. No specific layout required.</p>		

Question number	Answer (AO2) 10	Mark																																																																																					
4(b)	<p>Award 1 mark for each correct figure against correct label as indicated.</p> <p style="text-align: center;">Alex</p> <p style="text-align: center;">Statement of profit or loss for the year ended 31 January 2019</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <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;">88 250</td> <td style="text-align: right;">(1of)</td> </tr> <tr> <td>Cost of sales</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Opening inventory</td> <td style="text-align: right;">8 600</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Purchases</td> <td style="text-align: right;">42 810</td> <td style="text-align: right;">(1)</td> <td></td> <td></td> </tr> <tr> <td></td> <td style="text-align: right;">51 410</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Closing inventory</td> <td style="text-align: right;">(9 450)</td> <td></td> <td style="text-align: right;">41 960</td> <td style="text-align: right;">(1of)</td> </tr> <tr> <td>Gross profit</td> <td></td> <td></td> <td style="text-align: right;">46 290</td> <td style="text-align: right;">(1of)</td> </tr> <tr> <td>Less: expenses</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Depreciation charge</td> <td style="text-align: right;">1 290</td> <td style="text-align: right;">(1)</td> <td></td> <td></td> </tr> <tr> <td>Discount allowed</td> <td style="text-align: right;">480</td> <td></td> <td></td> <td></td> </tr> <tr> <td>General expenses</td> <td style="text-align: right;">16 480</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Rent</td> <td style="text-align: right;">3 960</td> <td style="text-align: right;">(1)</td> <td></td> <td></td> </tr> <tr> <td>Staff wages</td> <td style="text-align: right;">8 430</td> <td style="text-align: right;">(1)</td> <td></td> <td></td> </tr> <tr> <td>Stationery</td> <td style="text-align: right;">2 650</td> <td style="text-align: right;">(1)</td> <td></td> <td></td> </tr> <tr> <td></td> <td></td> <td></td> <td style="text-align: right;">33 290</td> <td style="text-align: right;">(1)</td> </tr> <tr> <td>Profit for the year</td> <td></td> <td></td> <td style="text-align: right;">13 000</td> <td style="text-align: right;">(1of)</td> </tr> </tbody> </table>		\$		\$		Revenue			88 250	(1of)	Cost of sales					Opening inventory	8 600				Purchases	42 810	(1)				51 410				Closing inventory	(9 450)		41 960	(1of)	Gross profit			46 290	(1of)	Less: expenses					Depreciation charge	1 290	(1)			Discount allowed	480				General expenses	16 480				Rent	3 960	(1)			Staff wages	8 430	(1)			Stationery	2 650	(1)						33 290	(1)	Profit for the year			13 000	(1of)	(10)
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Question number	Answer AO1 (1)	Mark
4(c)	<p>Award mark as indicated up to a maximum of 1.</p> <p>Realisation concept (1) Accruals (1) Prudence (1)</p>	(1)

Question number	Answer (AO3) 4 AO5 (1)	Mark
4(d)	<p>Award 1 mark for each discussion point up to a maximum of 4 marks. Award 1 mark for decision.</p> <p>Maintaining a trade receivables ledger control account will enable Alex to prepare the financial statements (1) as the total balance for trade receivables will be provided easily (1)</p> <p>It will also help Alex to identify errors (1) as the balance of the trade receivables ledger control account will be reconciled with the total of the trade receivables ledgers (1).</p> <p>It will also help Alex to identify fraud (1) as the trade receivables ledger control account will be maintained by a different person who prepares the the trade receivables ledgers (1).</p> <p>However, Alex may not be able to identify all types of errors (1) such as an error of original entry (1).</p> <p>Alex may find that it will increase the cost (1) as it will need a separate person to maintain and time needed to prepare the trade receivables ledger control account (1)</p> <p>Overall it is beneficial to Alex to maintain the trade receivables ledger control account (1)</p> <p>Accept any other appropriate responses.</p>	(5)

TOTAL FOR QUESTION 4 = 18 Marks

Question number	Answer AO1 (2)	Mark
5(a)	<p>Award marks as indicated</p> <ul style="list-style-type: none"> • Should have minimum of two directors (1) • Should have minimum authorised capital (1) • Trade shares on stock exchange (1) <p>Accept any other appropriate responses.</p>	(2)

Question number	Answer AO2 (3)	Mark
5(b)	<p>Award marks as indicated</p> <p>\$46 200 (3) W</p> <p>W</p> <p>\$109 600 + \$24 000 (1) + \$19 300 (1) - \$106 700 = \$46 200 (1of)</p>	(3)
<p>Additional guidance Correct answer only scores 3 marks. No specific layout required.</p>		

Question number	Answer (AO2) 10	Mark																																																																						
5(c)	<p>Award marks for correct figures with labels as indicated.</p> <p style="text-align: center;">Maipart Ltd</p> <p style="text-align: center;">Statement of cash flows for the year ended 31 December 2018</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 60%;"></th> <th style="width: 10%; text-align: center;">\$</th> <th style="width: 10%;"></th> <th style="width: 10%; text-align: center;">\$</th> <th style="width: 10%;"></th> </tr> </thead> <tbody> <tr> <td>Net cash used in operating activities</td> <td></td> <td></td> <td style="text-align: right;">(24 980)</td> <td></td> </tr> <tr> <td>Investing activities</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Purchase of non-current assets</td> <td style="text-align: right;">(46 200)</td> <td style="text-align: right;">(1of)</td> <td></td> <td></td> </tr> <tr> <td>Disposal of non-current assets</td> <td style="text-align: right;">28 600</td> <td style="text-align: right;">(1)</td> <td></td> <td></td> </tr> <tr> <td>Cash used in investing activities</td> <td></td> <td></td> <td style="text-align: right;">(17 600)</td> <td style="text-align: right;">(1of)</td> </tr> <tr> <td>Financing activities</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Share capital issued</td> <td style="text-align: right;">88 000</td> <td style="text-align: right;">(1)</td> <td></td> <td></td> </tr> <tr> <td>Debenture repayment</td> <td style="text-align: right;">(15 000)</td> <td style="text-align: right;">(1)</td> <td></td> <td></td> </tr> <tr> <td>Equity dividends paid</td> <td style="text-align: right;">(14 000)</td> <td style="text-align: right;">(1)</td> <td></td> <td></td> </tr> <tr> <td>Cash from financing activities</td> <td></td> <td></td> <td style="text-align: right;">59 000</td> <td style="text-align: right;">(1of)</td> </tr> <tr> <td>Net increase in cash and cash equivalents</td> <td></td> <td></td> <td style="text-align: right;">16 420</td> <td style="text-align: right;">(1of)</td> </tr> <tr> <td>Cash and cash equivalents at the start of the year</td> <td></td> <td></td> <td style="text-align: right;">(6 970)</td> <td style="text-align: right;">(1)</td> </tr> <tr> <td>Cash and cash equivalents at the end of the year</td> <td></td> <td></td> <td style="text-align: right;">9 450</td> <td style="text-align: right;">(1)</td> </tr> </tbody> </table>		\$		\$		Net cash used in operating activities			(24 980)		Investing activities					Purchase of non-current assets	(46 200)	(1of)			Disposal of non-current assets	28 600	(1)			Cash used in investing activities			(17 600)	(1of)	Financing activities					Share capital issued	88 000	(1)			Debenture repayment	(15 000)	(1)			Equity dividends paid	(14 000)	(1)			Cash from financing activities			59 000	(1of)	Net increase in cash and cash equivalents			16 420	(1of)	Cash and cash equivalents at the start of the year			(6 970)	(1)	Cash and cash equivalents at the end of the year			9 450	(1)	(10)
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Question Number	Answer AO4 (4), A05 (1)	Mark
5(d)	<p>Award 1 mark for each analysis of ratios up to a maximum of 4 marks. Award 1 mark for evaluation. Evaluation mark can only be awarded if at least two ratios are analysed.</p> <p>Gross profit percentage of Business B is better than Business A indicating that Business B may be selling goods at a higher price relative to the cost price than Business A. (1)</p> <p>Quick ratio (acid test) of Business B is better than Business A, indicating that they can pay current liabilities from liquid current assets. (1)</p> <p>Current ratios of both businesses indicate that they can meet their current liabilities, but Business A has too much capital tied up in current assets. (1)</p> <p>Return on capital employed (ROCE) of Business A is better than Business B indicating that they are making efficient use of its resources/capital. (1)</p> <p>Maipart Ltd should invest in business A as the ROCE is more than the cost of borrowing required for the investment (1)</p> <p>Accept any other appropriate responses</p>	(5)

Total for Question 5 = 20 Marks

TOTAL FOR PAPER = 100 MARKS