



Mark Scheme

September 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 (7)	Mark																																				
1(a)(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;">Rent and Rates Account</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 June 2018</td> <td>Balance b/d</td> <td>580 (1)</td> <td>1 June 2018</td> <td>Balance b/d</td> <td>950 (1)</td> </tr> <tr> <td>31 May 2019</td> <td>Cashbook/ Bank</td> <td>10 850 (1)</td> <td>31 May 2019</td> <td>Statement of profit or loss</td> <td>10 400 (1of)</td> </tr> <tr> <td>31 May 2019</td> <td>Balance c/d</td> <td>620</td> <td>31 May 2019</td> <td>Balance c/d</td> <td>700</td> </tr> <tr> <td></td> <td></td> <td>12 050</td> <td></td> <td></td> <td>12 050</td> </tr> <tr> <td>1 June 2019</td> <td>Balance b/d</td> <td>700 (1)</td> <td>1 June 2019</td> <td>Balance b/d</td> <td>620 (1)</td> </tr> </tbody> </table>	Date	Details	\$	Date	Details	\$	1 June 2018	Balance b/d	580 (1)	1 June 2018	Balance b/d	950 (1)	31 May 2019	Cashbook/ Bank	10 850 (1)	31 May 2019	Statement of profit or loss	10 400 (1of)	31 May 2019	Balance c/d	620	31 May 2019	Balance c/d	700			12 050			12 050	1 June 2019	Balance b/d	700 (1)	1 June 2019	Balance b/d	620 (1)	(7)
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Question Number	Answer AO2 (4)	Mark																														
1(a)(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;">Commission Received Account</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>31 May 2019</td> <td>Statement of profit or loss</td> <td>25 000 (1)</td> <td>31 May 2019</td> <td>Cashbook/ Bank</td> <td>20 500 (1of)</td> </tr> <tr> <td></td> <td></td> <td></td> <td>31 May 2019</td> <td>Balance c/d</td> <td>4 500</td> </tr> <tr> <td></td> <td></td> <td>25 000</td> <td></td> <td></td> <td>25 000</td> </tr> <tr> <td>1 June 2019</td> <td>Balance b/d</td> <td>4 500 (1)</td> <td></td> <td></td> <td></td> </tr> </tbody> </table>	Date	Details	\$	Date	Details	\$	31 May 2019	Statement of profit or loss	25 000 (1)	31 May 2019	Cashbook/ Bank	20 500 (1of)				31 May 2019	Balance c/d	4 500			25 000			25 000	1 June 2019	Balance b/d	4 500 (1)				(4)
Date	Details	\$	Date	Details	\$																											
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Question Number	Answer AO2(3)	Mark
1(b)	Award marks as indicated. \$ 51 580 (3) W W \$ 36 980 (10 400) (1of) <u> 25 000 (1of)</u> 51 580 (1of)	(3)
Additional guidance No specific layout required. Correct answer scores only 3 marks.		

Question Number	Answer AO1 (2)	Mark
1(c)	Award marks as indicated. Accruals (1) Prudence (1)	(2)

Question Number	Answer AO1 (2)	Mark												
1(d)	Award marks as indicated. <table border="1"> <thead> <tr> <th></th> <th>Increase</th> <th>Decrease</th> <th>No effect</th> </tr> </thead> <tbody> <tr> <td>Gross profit</td> <td></td> <td></td> <td>✓ (1)</td> </tr> <tr> <td>Profit for the year</td> <td></td> <td>✓ (1)</td> <td></td> </tr> </tbody> </table>		Increase	Decrease	No effect	Gross profit			✓ (1)	Profit for the year		✓ (1)		(2)
	Increase	Decrease	No effect											
Gross profit			✓ (1)											
Profit for the year		✓ (1)												

Total for Question 1 = 18 marks

Question Number	Answer AO1 (2)	Mark						
2(a)	<p>Award marks as indicated.</p> <table border="1"> <thead> <tr> <th>Error</th> <th>Type of error</th> </tr> </thead> <tbody> <tr> <td>A purchase of a non-current asset entered in the purchases account.</td> <td>Principle (1)</td> </tr> <tr> <td>A purchase invoice \$100 was entered in the purchases day book as \$1 000</td> <td>Original entry (1)</td> </tr> </tbody> </table>	Error	Type of error	A purchase of a non-current asset entered in the purchases account.	Principle (1)	A purchase invoice \$100 was entered in the purchases day book as \$1 000	Original entry (1)	(2)
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A purchase of a non-current asset entered in the purchases account.	Principle (1)							
A purchase invoice \$100 was entered in the purchases day book as \$1 000	Original entry (1)							

Question Number	Answer AO2(1)	Mark
2(b)	<p>Award mark as indicated.</p> <p>\$ 25 000 (1)</p>	(1)
<p>Additional guidance No specific layout required. Correct answer scores only 1 mark.</p>		

Question Number	Answer AO2 (14)	Mark																																																																																												
2(c)	<p>Award marks as indicated.</p> <table border="1"> <thead> <tr> <th colspan="4">Tian</th> </tr> <tr> <th colspan="4">Extended trial balance extract at 30 June 2019</th> </tr> <tr> <th></th> <th>Balance</th> <th colspan="2">Adjustments</th> </tr> <tr> <th></th> <th>\$</th> <th>Debit</th> <th>Credit</th> </tr> <tr> <th></th> <th>\$</th> <th>\$</th> <th>\$</th> </tr> </thead> <tbody> <tr> <td>Allowance for doubtful debts</td> <td>1 340</td> <td>765 (1)</td> <td></td> </tr> <tr> <td>Bank</td> <td>1 715</td> <td></td> <td></td> </tr> <tr> <td>Drawings</td> <td>5 850</td> <td></td> <td></td> </tr> <tr> <td>Equity</td> <td>25 000</td> <td></td> <td></td> </tr> <tr> <td>General expenses</td> <td>44 950</td> <td></td> <td></td> </tr> <tr> <td>Motor vehicle - cost</td> <td>27 500</td> <td>30 000 (1)</td> <td>27 500 (1)</td> </tr> <tr> <td>Motor vehicle – accumulated depreciation</td> <td>5 225</td> <td>5 225 (1)</td> <td>3 000 (1)</td> </tr> <tr> <td>Opening inventory</td> <td>25 700</td> <td></td> <td></td> </tr> <tr> <td>Trade payables</td> <td>18 950</td> <td></td> <td></td> </tr> <tr> <td>Trade receivables</td> <td>11 500</td> <td></td> <td></td> </tr> <tr> <td>10% bank loan</td> <td></td> <td></td> <td>10 000 (1)</td> </tr> <tr> <td>Allowance for doubtful debts adjustment</td> <td></td> <td></td> <td>765 (1)</td> </tr> <tr> <td>Bank loan interest</td> <td></td> <td>500 (1)</td> <td></td> </tr> <tr> <td>Closing inventory - statement of financial position</td> <td></td> <td>25 000 (1of)</td> <td></td> </tr> <tr> <td>Closing inventory - statement of profit or loss</td> <td></td> <td></td> <td>25 000 (1of)</td> </tr> <tr> <td>Depreciation charge</td> <td></td> <td>3 000 (1)</td> <td></td> </tr> <tr> <td>Disposal</td> <td></td> <td>27 500 (1)</td> <td>25 225 (1)</td> </tr> <tr> <td>Other payables</td> <td></td> <td></td> <td>500 (1)</td> </tr> </tbody> </table>	Tian				Extended trial balance extract at 30 June 2019					Balance	Adjustments			\$	Debit	Credit		\$	\$	\$	Allowance for doubtful debts	1 340	765 (1)		Bank	1 715			Drawings	5 850			Equity	25 000			General expenses	44 950			Motor vehicle - cost	27 500	30 000 (1)	27 500 (1)	Motor vehicle – accumulated depreciation	5 225	5 225 (1)	3 000 (1)	Opening inventory	25 700			Trade payables	18 950			Trade receivables	11 500			10% bank loan			10 000 (1)	Allowance for doubtful debts adjustment			765 (1)	Bank loan interest		500 (1)		Closing inventory - statement of financial position		25 000 (1of)		Closing inventory - statement of profit or loss			25 000 (1of)	Depreciation charge		3 000 (1)		Disposal		27 500 (1)	25 225 (1)	Other payables			500 (1)	(14)
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Question Number	Answer AO1 (1)	Mark
2(d)(i)	<p>Award mark as indicated.</p> <p>Consistency (1)</p>	(1)

Question Number	Answer AO3 (2)	Mark
2(d)(ii)	<p>Award 1 mark for identification and 1 mark for linked justification /reasoning.</p> <p>This method is used as the motor vehicles may have lower maintenance cost (1) in the early years which offsets the higher initial depreciation costs (1)</p> <p>Accept any other appropriate responses.</p>	(2)

Total for Question 2 = 20 marks

Question Number	Answer AO2 (6)	Mark																																				
3(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;">Capital Account - Bert</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 June 2018</td> <td>Loan</td> <td>75 000 (1)</td> <td>1 April 2018</td> <td>Balance b/d</td> <td>100 000</td> </tr> <tr> <td>30 June 2018</td> <td>Bank</td> <td>77 850 (1of)</td> <td>30 June 2018</td> <td>Revaluation</td> <td>30 000 (1)</td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td>Goodwill</td> <td>20 000 (1)</td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td>Current</td> <td>2 850 (1)</td> </tr> <tr> <td></td> <td></td> <td>152 850</td> <td></td> <td></td> <td>152 850</td> </tr> </tbody> </table>	Date	Details	\$	Date	Details	\$	30 June 2018	Loan	75 000 (1)	1 April 2018	Balance b/d	100 000	30 June 2018	Bank	77 850 (1of)	30 June 2018	Revaluation	30 000 (1)					Goodwill	20 000 (1)					Current	2 850 (1)			152 850			152 850	(6)
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Question Number	Answer AO2 (1)	Mark
3(b)	<p>Award mark as indicated.</p> <p>\$ 80 000 (1)</p>	(1)
<p>Additional guidance No specific layout required. Correct answer scores only 1 mark.</p>		

Question Number	Answer AO2 (5)	Mark																																																						
3(c)	<p>Award marks for correct figures with labels as indicated.</p> <p style="text-align: center;">Hommer and Gaetty Appropriation account for the nine-month period ended 31 March 2019</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>Profit for the period</td> <td></td> <td style="text-align: right;">48 750</td> <td style="text-align: right;">(1)</td> </tr> <tr> <td>Interest on capital</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Hommer</td> <td style="text-align: right;">(5 850)</td> <td></td> <td style="text-align: right;">(1)</td> </tr> <tr> <td>Gaetty</td> <td style="text-align: right;">(3 600)</td> <td></td> <td style="text-align: right;">(1of based on b)</td> </tr> <tr> <td></td> <td></td> <td style="text-align: right;">(9 450)</td> <td></td> </tr> <tr> <td>Salary</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Hommer</td> <td style="text-align: right;">(8 700)</td> <td></td> <td rowspan="2" style="text-align: right;">(1for both)</td> </tr> <tr> <td>Gaetty</td> <td style="text-align: right;">(8 700)</td> <td></td> </tr> <tr> <td></td> <td></td> <td style="text-align: right;">(17 400)</td> <td></td> </tr> <tr> <td>Profit available for distribution</td> <td></td> <td style="text-align: right;">21 900</td> <td></td> </tr> <tr> <td>Hommer</td> <td style="text-align: right;">10 950</td> <td></td> <td rowspan="2" style="text-align: right;">(1of for both)</td> </tr> <tr> <td>Gaetty</td> <td style="text-align: right;">10 950</td> <td></td> </tr> <tr> <td></td> <td></td> <td style="text-align: right;">21 900</td> <td></td> </tr> </tbody> </table>		\$	\$		Profit for the period		48 750	(1)	Interest on capital				Hommer	(5 850)		(1)	Gaetty	(3 600)		(1of based on b)			(9 450)		Salary				Hommer	(8 700)		(1for both)	Gaetty	(8 700)				(17 400)		Profit available for distribution		21 900		Hommer	10 950		(1of for both)	Gaetty	10 950				21 900		(5)
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Question Number	Answer AO3 (2)	Mark
3(d)	<p>Award 1 mark for identification and 1 mark for linked justification /reasoning.</p> <p>Interest on capital is given to partners as a reward for investing in the business (1) so the partner who invests the most receives the highest return. (1)</p> <p>Accept any other appropriate responses.</p>	(2)

Question Number	Answer AO2 (5)	Mark																
3(e)	<p>Award marks for correct figures with labels as indicated.</p> <p style="text-align: center;">Hommer and Gaetty Statement of financial position at 31 March 2019</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>Equity</th> <th>Hommer \$</th> <th>Gaetty \$</th> <th>\$</th> </tr> </thead> <tbody> <tr> <td>Capital</td> <td>130 000 (1)</td> <td>80 000 (1of)</td> <td>210 000</td> </tr> <tr> <td>Current</td> <td>41 125 (1of)</td> <td>23 250 (1of)</td> <td>64 375</td> </tr> <tr> <td>Total equity</td> <td>171 125</td> <td>103 250</td> <td>274 375 (1of)</td> </tr> </tbody> </table>	Equity	Hommer \$	Gaetty \$	\$	Capital	130 000 (1)	80 000 (1of)	210 000	Current	41 125 (1of)	23 250 (1of)	64 375	Total equity	171 125	103 250	274 375 (1of)	(5)
Equity	Hommer \$	Gaetty \$	\$															
Capital	130 000 (1)	80 000 (1of)	210 000															
Current	41 125 (1of)	23 250 (1of)	64 375															
Total equity	171 125	103 250	274 375 (1of)															

Total for Question 3 = 19 marks

Question Number	Answer AO2(14)	Mark																																																																		
4(a)	<p>Award marks against the correct label as indicated.</p> <table border="1" data-bbox="300 338 1391 1682"> <thead> <tr> <th colspan="3" data-bbox="300 338 1391 409" style="text-align: center;">Afzal Statement of financial position at 30 June 2019</th> </tr> <tr> <th data-bbox="300 409 855 450">Assets</th> <th data-bbox="855 409 1082 450" style="text-align: center;">\$</th> <th data-bbox="1082 409 1391 450" style="text-align: center;">\$</th> </tr> </thead> <tbody> <tr> <td data-bbox="300 450 855 521">Non-current assets</td> <td data-bbox="855 450 1082 521"></td> <td data-bbox="1082 450 1391 521" style="text-align: right;">120 250 (1)</td> </tr> <tr> <td data-bbox="300 521 855 562">Current assets</td> <td data-bbox="855 521 1082 562"></td> <td data-bbox="1082 521 1391 562"></td> </tr> <tr> <td data-bbox="300 562 855 633">Inventory</td> <td data-bbox="855 562 1082 633" style="text-align: right;">5 000 (1)</td> <td data-bbox="1082 562 1391 633"></td> </tr> <tr> <td data-bbox="300 633 855 705">Trade and other receivables</td> <td data-bbox="855 633 1082 705" style="text-align: right;">39 000 (1)</td> <td data-bbox="1082 633 1391 705"></td> </tr> <tr> <td data-bbox="300 705 855 777">Cash and cash equivalents</td> <td data-bbox="855 705 1082 777" style="text-align: right;">150 (1)</td> <td data-bbox="1082 705 1391 777"></td> </tr> <tr> <td data-bbox="300 777 855 817"></td> <td data-bbox="855 777 1082 817"></td> <td data-bbox="1082 777 1391 817" style="text-align: right;">44 150</td> </tr> <tr> <td data-bbox="300 817 855 889">Total assets</td> <td data-bbox="855 817 1082 889"></td> <td data-bbox="1082 817 1391 889" style="text-align: right;">164 400 (1of)</td> </tr> <tr> <td data-bbox="300 889 855 929">Equity and liabilities</td> <td data-bbox="855 889 1082 929"></td> <td data-bbox="1082 889 1391 929"></td> </tr> <tr> <td data-bbox="300 929 855 969">Equity</td> <td data-bbox="855 929 1082 969"></td> <td data-bbox="1082 929 1391 969"></td> </tr> <tr> <td data-bbox="300 969 855 1041">Opening balance</td> <td data-bbox="855 969 1082 1041" style="text-align: right;">40 000 (1)</td> <td data-bbox="1082 969 1391 1041"></td> </tr> <tr> <td data-bbox="300 1041 855 1113">Additional equity</td> <td data-bbox="855 1041 1082 1113" style="text-align: right;">20 000 (1)</td> <td data-bbox="1082 1041 1391 1113"></td> </tr> <tr> <td data-bbox="300 1113 855 1184">Profit for the year</td> <td data-bbox="855 1113 1082 1184" style="text-align: right;">12 732 (1)</td> <td data-bbox="1082 1113 1391 1184"></td> </tr> <tr> <td data-bbox="300 1184 855 1256">Drawings</td> <td data-bbox="855 1184 1082 1256" style="text-align: right;">(14 666) (1)</td> <td data-bbox="1082 1184 1391 1256"></td> </tr> <tr> <td data-bbox="300 1256 855 1328">Total equity</td> <td data-bbox="855 1256 1082 1328"></td> <td data-bbox="1082 1256 1391 1328" style="text-align: right;">58 066 (1of)</td> </tr> <tr> <td data-bbox="300 1328 855 1368">Current liabilities</td> <td data-bbox="855 1328 1082 1368"></td> <td data-bbox="1082 1328 1391 1368"></td> </tr> <tr> <td data-bbox="300 1368 855 1440">Trade and other payables</td> <td data-bbox="855 1368 1082 1440" style="text-align: right;">25 400 (1)</td> <td data-bbox="1082 1368 1391 1440"></td> </tr> <tr> <td data-bbox="300 1440 855 1512">Bank loan</td> <td data-bbox="855 1440 1082 1512" style="text-align: right;">80 000 (1)</td> <td data-bbox="1082 1440 1391 1512"></td> </tr> <tr> <td data-bbox="300 1512 855 1583">Bank overdraft</td> <td data-bbox="855 1512 1082 1583" style="text-align: right;">934 (1)</td> <td data-bbox="1082 1512 1391 1583"></td> </tr> <tr> <td data-bbox="300 1583 855 1624"></td> <td data-bbox="855 1583 1082 1624"></td> <td data-bbox="1082 1583 1391 1624" style="text-align: right;">106 334</td> </tr> <tr> <td data-bbox="300 1624 855 1695">Total equity and liabilities</td> <td data-bbox="855 1624 1082 1695"></td> <td data-bbox="1082 1624 1391 1695" style="text-align: right;">164 400 (1of)</td> </tr> </tbody> </table>	Afzal Statement of financial position at 30 June 2019			Assets	\$	\$	Non-current assets		120 250 (1)	Current assets			Inventory	5 000 (1)		Trade and other receivables	39 000 (1)		Cash and cash equivalents	150 (1)				44 150	Total assets		164 400 (1of)	Equity and liabilities			Equity			Opening balance	40 000 (1)		Additional equity	20 000 (1)		Profit for the year	12 732 (1)		Drawings	(14 666) (1)		Total equity		58 066 (1of)	Current liabilities			Trade and other payables	25 400 (1)		Bank loan	80 000 (1)		Bank overdraft	934 (1)				106 334	Total equity and liabilities		164 400 (1of)	(14)
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Question Number	Answer AO3 (4) AO5 (1)	Mark
4(b)	<p>Award 1 mark for each correctly identified point up to a maximum of 4 marks.</p> <p>Award 1 mark for supported decision.</p> <p>Sample answer</p> <p>Employing a financial accountant will cost Afzal money as he will need to pay him a salary which may reduce the profit (1) which is presently very low (1) but his accounting records will be more accurate and reliable (1) which can be used for reference purposes with potential lenders (1)</p> <p>Afzal should employ a financial accountant as the benefits outweigh the costs (1)</p> <p>Accept any other appropriate responses.</p>	(5)

Question Number	Answer AO1 (3)	Mark
4(c)	<p>Award marks as indicated up to maximum of 3 marks.</p> <ul style="list-style-type: none"> • managers (1) • suppliers (1) • customers (1) • employees (1) • trade associations (1) • government (1) • investors (1) • providers of external finance (1) • competitors (1) • local community (1) • trade union (1) 	(3)

Total for Question 4 = 22 marks

Question Number	Answer AO2(1)	Mark
5(a)	Award mark as indicated. \$24 750 (1)	(1)
Additional guidance No specific layout required. Correct answer scores only 1 mark.		

Question Number	Answer AO2 (6)	Mark																
5(b)	<p>Award marks for correct figures with labels as indicated.</p> <p style="text-align: center;">Penn Ltd Reconciliation of profit for the year to net cash from operating activities for the year ended 30 June 2019</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 80%;"></th> <th style="width: 20%; text-align: right;">\$</th> </tr> </thead> <tbody> <tr> <td>Profit for the year</td> <td style="text-align: right;">53 000</td> </tr> <tr> <td>Depreciation charge</td> <td style="text-align: right;">24 750 (1of from a)</td> </tr> <tr> <td>Profit on disposal</td> <td style="text-align: right;">(3 400) (1)</td> </tr> <tr> <td>Decrease in inventory</td> <td style="text-align: right;">5 200 (1)</td> </tr> <tr> <td>Increase in trade receivables</td> <td style="text-align: right;">(13 700) (1)</td> </tr> <tr> <td>Decrease in trade payables</td> <td style="text-align: right;">(2 750) (1)</td> </tr> <tr> <td>Net cash from operating activities</td> <td style="text-align: right;">63 100 (1of)</td> </tr> </tbody> </table>		\$	Profit for the year	53 000	Depreciation charge	24 750 (1of from a)	Profit on disposal	(3 400) (1)	Decrease in inventory	5 200 (1)	Increase in trade receivables	(13 700) (1)	Decrease in trade payables	(2 750) (1)	Net cash from operating activities	63 100 (1of)	(6)
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Net cash from operating activities	63 100 (1of)																	

Question Number	Answer AO2 (4)	Mark										
5(c)(i)	<p>Award marks as indicated.</p> <p>\$51 750 (4) W</p> <table border="1"> <thead> <tr> <th></th> <th style="text-align: right;">\$</th> </tr> </thead> <tbody> <tr> <td>Net cash from operating activities</td> <td style="text-align: right;">63 100 (1of)</td> </tr> <tr> <td>Net cash used in investing activities</td> <td style="text-align: right;">(110 000) (1)</td> </tr> <tr> <td>Net cash from financing activities</td> <td style="text-align: right;">(51 750) (1of)</td> </tr> <tr> <td>Net increase in cash and cash equivalents</td> <td style="text-align: right;">4 850 (1)</td> </tr> </tbody> </table>		\$	Net cash from operating activities	63 100 (1of)	Net cash used in investing activities	(110 000) (1)	Net cash from financing activities	(51 750) (1of)	Net increase in cash and cash equivalents	4 850 (1)	(4)
	\$											
Net cash from operating activities	63 100 (1of)											
Net cash used in investing activities	(110 000) (1)											
Net cash from financing activities	(51 750) (1of)											
Net increase in cash and cash equivalents	4 850 (1)											
<p>Additional guidance No specific layout required. Correct answer only scores 4 marks.</p>												

Question Number	Answer AO1 (2)	Mark
5(c)(ii)	<p>Award marks as indicated up to maximum of 2 marks.</p> <p>Share capital (1) Debentures (1) Hire purchase (1) Leasing (1)</p> <p>Accept any other appropriate response.</p>	(2)

Question Number	Answer AO2 (3)	Mark								
5(d)	<p>Award marks as indicated.</p> <table border="1"> <thead> <tr> <th style="text-align: center;">Ratio</th> <th style="text-align: center;">2019</th> </tr> </thead> <tbody> <tr> <td>Profit for the year as a percentage of revenue</td> <td style="text-align: center;">15. 87% (1)</td> </tr> <tr> <td>Return on capital employed</td> <td style="text-align: center;">18.18% (1)</td> </tr> <tr> <td>Asset turnover (based on total assets)</td> <td style="text-align: center;">1.13 times (1)</td> </tr> </tbody> </table>	Ratio	2019	Profit for the year as a percentage of revenue	15. 87% (1)	Return on capital employed	18.18% (1)	Asset turnover (based on total assets)	1.13 times (1)	(3)
Ratio	2019									
Profit for the year as a percentage of revenue	15. 87% (1)									
Return on capital employed	18.18% (1)									
Asset turnover (based on total assets)	1.13 times (1)									

Question Number	Answer AO4 (4) and AO5 (1)	Mark
5(e)	<p>Award up to max 4 mark for analysis Award 1 mark for evaluation. Evaluation mark can only be awarded if at least two points are analysed.</p> <p>The amount of trade receivables has increased over the year indicating that more goods are being sold on credit (1) which would negatively affect the businesses liquidity (1).</p> <p>The cash and cash equivalents have increased over the year despite the fall in amount of trade payables (1) which will improve the liquidity of the business. (1)</p> <p>Overall liquidity has improved over the year which is evidenced by the change from a bank overdraft to a positive bank balance (1).</p> <p>Accept any other appropriate responses.</p>	(5)

Total for Question 5 = 21 marks

TOTAL FOR PAPER = 100 MARKS