



National  
Qualifications  
2019

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**2019 Accounting**  
**Advanced Higher**  
**Finalised Marking Instructions**

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## General marking principles for Advanced Higher Accounting

*This information is provided to help you understand the general principles you must apply when marking candidate responses to questions in this paper. These principles must be read in conjunction with the detailed marking instructions, which identify the key features required in candidate responses.*

- (a) Marks for each candidate response must **always** be assigned in line with these general marking principles and the detailed marking instructions for this assessment.
- (b) Marking should always be positive. This means that, for each candidate response, marks are accumulated for the demonstration of relevant skills, knowledge and understanding: they are not deducted from a maximum on the basis of errors or omissions.
- (c) If a specific candidate response does not seem to be covered by either the principles or detailed marking instructions, and you are uncertain how to assess it, you must seek guidance from your team leader.
- (d) Consequentiality subsequent to a calculative error must be followed through, with credit being given for any errors in subsequent calculations or working.
- (e) Scored out or erased working which has not been replaced should be marked where still legible. However, if the scored out or erased working has been replaced, only the work which has not been scored out should be marked.
- (f) For each candidate response, the following provides an overview of the marking principles. Refer to the detailed marking instructions for further guidance on how these principles should be applied.

Marks will be awarded as follows for

- (i) Questions that ask candidates to '**Describe...**'

Candidates must make a number of relevant factual points, which may be characteristics and/or features, as appropriate to the question asked. These points may relate to a concept, process or situation.

Candidates may provide a number of straightforward points or a smaller number of developed points, or a combination of these.

Up to the total mark allocation for this question

- **1 mark** should be given for each relevant factual point
- **1 mark** should be given for any further development of a relevant point, including exemplification when appropriate.

- (ii) For questions that ask candidates to '**Explain...**'

Candidates must make accurate relevant points that relate cause and effect and/or make relationships clear. These points may relate to a concept, process or situation.

Candidates may provide straightforward points of explanation or a smaller number of developed points, or a combination of these.

Up to the total mark allocation for this question

- **1 mark** should be given for each relevant point of explanation
- **1 mark** should be given for any further development of a relevant point, including exemplification when appropriate.

(iii) Questions that ask candidates to ‘**Justify...**’

Candidates must give good reasons for a course of action or decision.

Up to the total mark allocation of this question

- 1 mark should be given for each relevant statement or opinion
- Marks can be given for any further development of a relevant statement or opinion.

(iv) Questions that ask candidates to ‘**Analyse...**’

Candidates must demonstrate their ability to identify/describe/explain relevant parts and the relationships between the parts and/or the whole. Candidates should be able to draw out and relate any implications and/or analyse data.

Up to the total mark allocation for this question

- 1 mark should be given for each relevant point of analysis
- 1 mark should be given for any further development of a relevant point, including exemplification when appropriate.

(v) Questions that ask candidates to ‘**Discuss...**’

Candidates must make points that communicate issues, ideas, or information about a given topic or context that will make a case for and/or against. It is not always necessary to give both sides of the debate in responses.

Up to the total mark allocation for this question

- 1 mark should be given for each accurate point of knowledge that is clearly relevant
- 1 mark should be given for any further development of a relevant point, including exemplification when appropriate.

(vi) Questions that ask candidates to ‘**Compare...**’

Candidates must demonstrate knowledge and understanding of the similarities and/or differences between things, methods or choices, for example. The relevant points could include theoretical concepts.

Up to the total mark allocation for this question

- 1 mark should be given for each accurate point of analysis
- 1 mark should be given for any further development of a relevant point, including exemplification when appropriate.

(vii) Questions that ask candidates to ‘**Evaluate...**’

Candidates must demonstrate the ability to make a reasoned judgement in terms of the effectiveness or usefulness of something based on criteria. Candidates should be able to determine the value of something within context.

Up to the total mark allocation for this question

- 1 mark should be given for each accurate point of evaluation
- 1 mark should be given for any further development of a relevant point, including exemplification when appropriate.

Marking instructions for each question

Section 1

Question		Expected response					Max mark	Additional guidance	
1. Part A	(a)	Solution					6	If candidate shows total figures for each element of cost, then divides by the production units, award marks as per each element of cost. If unit cost not calculated, maximum mark available is 5 out of 6.	
			X £	Y £	Z £	Marks			Notes
		Direct material	10·00	8·00	7·00	1 line			
		Direct labour	40·00	50·00	30·00	1+1			First mark for calculation of X, then second mark for replication for Y and Z
		Direct expenses	5·00	8·00	6·00	1 line			
		Fixed overhead	6·00	7·50	4·50	1+1			First mark for calculation of X, then second mark for replication for Y and Z
		Total cost	61·00	73·50	47·50				

Question		Expected response	Max mark	Additional guidance																				
(b)	(i)	<p><b>Set-up costs</b></p> <table border="1"> <tr> <td><b>Total production runs</b></td> <td></td> </tr> <tr> <td>X (2,500/500) (1)</td> <td>5</td> </tr> <tr> <td>Y (12,000/500) } (1)</td> <td>24</td> </tr> <tr> <td>Z (10,000/500) } (1)</td> <td>20</td> </tr> <tr> <td><b>Total</b></td> <td><b>49</b></td> </tr> </table> <p>Cost per run: <math>£73,500/49 = £1,500</math> (1)</p> <p><b>Handling costs</b></p> <p>Total requisitions: <math>3 \times 40 = 120</math></p> <p>Cost per requisition: <math>£12,000/120 = £100</math> (1)</p> <p><b>Quality control costs</b></p> <p>Cost per run: <math>£25,725/49 = £525</math> (1)</p> <p><b>Despatch costs</b></p> <table border="1"> <tr> <td><b>Total orders</b></td> <td></td> </tr> <tr> <td>X (2,500/100) (1)</td> <td>25</td> </tr> <tr> <td>Y (12,000/300) } (1)</td> <td>40</td> </tr> <tr> <td>Z (10,000/1,000) } (1)</td> <td>10</td> </tr> <tr> <td><b>Total</b></td> <td><b>75</b></td> </tr> </table> <p>Cost per order: <math>£38,775/75 = £517</math> (1)</p>	<b>Total production runs</b>		X (2,500/500) (1)	5	Y (12,000/500) } (1)	24	Z (10,000/500) } (1)	20	<b>Total</b>	<b>49</b>	<b>Total orders</b>		X (2,500/100) (1)	25	Y (12,000/300) } (1)	40	Z (10,000/1,000) } (1)	10	<b>Total</b>	<b>75</b>	8	
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Question		Expected response					Max mark	Additional guidance
	(ii)						8 Extraneous items entered, or inaccurate arithmetic in calculation of totals, do not award total overhead cost mark, even if labelled.	
			X £	Y £	Z £	Marks		Notes
		Set-up	(1,500*5) 7,500	(1,500*24) 36,000	(1,500*20) 30,000	1+1		First mark for calculation of X, then second mark for replication for Y and Z
		Handling	(100*40) 4,000	(100*40) 4,000	(100*40) 4,000	1 line		
		Quality control	(525*5) 2,625	(525*24) 12,600	(525*20) 10,500	1+1		First mark for calculation of X, then second mark for replication for Y and Z
		Despatch	(517*25) 12,925	(517*40) 20,680	(517*10) 5,170	1+1		First mark for calculation of X, then second mark for replication for Y and Z
		Total overhead cost	27,050	73,280	49,670	1 line	Must be labelled to gain the mark	
	(iii)						2 Be aware of consequentiality from (ii), above.	
		Total overhead cost	27,050	73,280	49,670			
		Units	2,500	12,000	10,000			
		Overhead cost per unit	10.82	6.11	4.97	1+1	First mark for calculation of X, then second mark for replication for Y and Z	

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(c)	<table border="1" data-bbox="439 193 1032 336"> <thead> <tr> <th>Using factory-wide</th> <th>£</th> <th>Marks</th> </tr> </thead> <tbody> <tr> <td>Total cost</td> <td>61.00</td> <td></td> </tr> <tr> <td>Margin</td> <td>91.50</td> <td>1</td> </tr> <tr> <td>Selling price</td> <td>152.50</td> <td></td> </tr> </tbody> </table> <table border="1" data-bbox="439 371 1382 758"> <thead> <tr> <th>Using activity-based</th> <th>£</th> <th>Marks</th> <th>Notes</th> </tr> </thead> <tbody> <tr> <td>Total Cost (*see notes, below)</td> <td>65.82</td> <td>1</td> <td></td> </tr> <tr> <td>Margin</td> <td>98.73</td> <td>1</td> <td></td> </tr> <tr> <td>Selling Price</td> <td>164.55</td> <td></td> <td></td> </tr> <tr> <td>Change in selling price £164.55 - £152.50</td> <td>£12.05 increase</td> <td>1</td> <td>only award mark if increase clearly stated</td> </tr> </tbody> </table> <p data-bbox="360 794 698 826">*Activity-based total cost</p> <table data-bbox="510 831 595 1031"> <tr><td>£</td></tr> <tr><td>10.00</td></tr> <tr><td>40.00</td></tr> <tr><td>5.00</td></tr> <tr><td><u>10.82</u></td></tr> <tr><td><u>65.82</u></td></tr> </table>	Using factory-wide	£	Marks	Total cost	61.00		Margin	91.50	1	Selling price	152.50		Using activity-based	£	Marks	Notes	Total Cost (*see notes, below)	65.82	1		Margin	98.73	1		Selling Price	164.55			Change in selling price £164.55 - £152.50	£12.05 increase	1	only award mark if increase clearly stated	£	10.00	40.00	5.00	<u>10.82</u>	<u>65.82</u>	4	
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	(d)	<ul style="list-style-type: none"> <li>• Allows for a more accurate calculation of the cost of production of each item (1)</li> <li>• Avoids over/under pricing of products, due to more accurate calculation of unit cost of production (1)</li> <li>• Fairer, as products are charged overheads based on use of cost drivers, instead of an arbitrary method, for example labour hours (1)</li> </ul> <p>Accept any 2 of the above.</p> <p>Accept any other reasonable answer.</p>	2	



Question		Expected response				Max mark	Additional guidance
1. Part B			120% - 1440 units	130% - 1560 units	1 (line)	20	
			£	£			
		Sales	460,800	499,200	1 (line)		
		Delivery charge	36,000	39,000	1 (line)		
			496,800	538,200			
		Casings	14,400	15,600	1 (line)		
		Seals	36,000	39,000	1 (line)		
		Motors	79,200	85,800	1 (line)		
		Cabling @ £8	9,600	9,600	1 (line)		
		Cabling @ £8.75	2,100 (1)	3,150 (1)	2		
		Labour	126,000 (1)	136,500 (1)	2		
		Power - standing charge	8,500	8,500	#		
		Power - variable	720 (1)	780 (1)	2		
		Delivery - fuel	11,520	12,480	1 (line)		
		Delivery - insurance	5,760	6,240	1 (line)		
		Delivery - driver	14,400	15,600	1 (line)		
		Sales bonus	1,200 (1)	2,400 (1)	2		
		Mortgage	24,000	24,000	#		
		Sales salaries	18,000	18,000	#		
	Maintenance of equipment	7,000	7,000	1 #			
	TOTAL COSTS	358,400	384,650				
	NET CASH INFLOW	138,400	153,550	1*			

# 1 mark for all 4 correct entries.

\*Net Cash Inflow must be labelled for a mark.

Be aware of consequentiality.

Question		Expected response				Max mark	Additional guidance
2.	(a)	Crown plc Income Statement for the year ended 31 December Year 5				18	2 marks for layout/no extraneous/arithmetic correct (L/E/A)  1 mark for 2 of (L/E/A) achieved.  *refers to mark allocations on Note 1.  If Finance Costs are 70 or 80 - award 1 mark. If 55 award 0 marks.
			£000				
		Sales Revenue	4,618	(1)			
		Cost of Sales (Note 1)	<u>(2,984)</u>	*			
		Gross Profit	1,634				
		Administration expenses (Note 1)	(571)	*			
		Selling & Distribution Expenses (Note 1)	<u>(911)</u>	*(11)			
		Profit from Operations	152				
		Other Income	46	(1)			
		Profit Before Finance Costs	198				
		Finance Costs (Note 2)	<u>(75)</u>	(2)			
		Profit Before Tax	123				
		Taxation	<u>(127)</u>	(1)			
		Loss for the Year	(4)				

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(c)	<p>Crown plc Statement of Financial Position as at 31 December Year 5</p> <table border="1" data-bbox="371 256 1402 1399"> <thead> <tr> <th colspan="2">Non-Current Assets</th> <th>£000</th> <th></th> <th>£000</th> <th></th> </tr> </thead> <tbody> <tr> <td>Tangible</td> <td>(Note 3)</td> <td>3,820</td> <td>(2)</td> <td></td> <td></td> </tr> <tr> <td>Investments</td> <td></td> <td>1,035</td> <td>(1)</td> <td></td> <td></td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td>4,855</td> <td></td> </tr> <tr> <th colspan="2">Current Assets</th> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Inventory at 31 Dec Yr 5</td> <td></td> <td>617</td> <td>(1)</td> <td></td> <td></td> </tr> <tr> <td>Trade Receivables</td> <td></td> <td>298*</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Other Receivables</td> <td></td> <td>44</td> <td>(1)</td> <td></td> <td></td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td>959</td> <td></td> </tr> <tr> <td><b>Total Assets</b></td> <td></td> <td></td> <td></td> <td><b>5,814</b></td> <td></td> </tr> <tr> <th colspan="2">Current Liabilities</th> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Trade Payables</td> <td></td> <td>94*</td> <td>(1)</td> <td></td> <td></td> </tr> <tr> <td>Other Payables</td> <td>(Note 4)</td> <td>108</td> <td>(2)</td> <td></td> <td></td> </tr> <tr> <td>Cash &amp; Cash Equivalents</td> <td>(Note 5)</td> <td>549</td> <td>(2)</td> <td></td> <td></td> </tr> <tr> <td>Debenture Redemption</td> <td></td> <td>50</td> <td>(1)</td> <td></td> <td></td> </tr> <tr> <td>Tax Payable</td> <td></td> <td>127</td> <td>(1)</td> <td></td> <td></td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td>928</td> <td></td> </tr> <tr> <th colspan="2">Non-Current Liabilities</th> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>10% Debentures</td> <td></td> <td></td> <td></td> <td>650</td> <td>(1)</td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td><b>Total Liabilities</b></td> <td></td> <td></td> <td></td> <td><b>(1,578)</b></td> <td></td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td><b>Net Assets</b></td> <td></td> <td></td> <td></td> <td><b>4,236</b></td> <td></td> </tr> <tr> <th colspan="2">EQUITY</th> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>50p Ordinary Shares</td> <td></td> <td></td> <td></td> <td>1,800</td> <td>(1)</td> </tr> <tr> <td>10% Preference Shares</td> <td></td> <td></td> <td></td> <td>2,000</td> <td>(1)</td> </tr> <tr> <td>Share Premium</td> <td></td> <td></td> <td></td> <td>55</td> <td>(1)</td> </tr> <tr> <td>Revaluation Reserve</td> <td></td> <td></td> <td></td> <td>300</td> <td>(1)</td> </tr> <tr> <td>Closing Retained Earnings</td> <td></td> <td></td> <td></td> <td>81</td> <td>(1)</td> </tr> <tr> <td><b>Total Equity</b></td> <td></td> <td></td> <td></td> <td><b>4,236</b></td> <td></td> </tr> </tbody> </table>	Non-Current Assets		£000		£000		Tangible	(Note 3)	3,820	(2)			Investments		1,035	(1)							4,855		Current Assets						Inventory at 31 Dec Yr 5		617	(1)			Trade Receivables		298*				Other Receivables		44	(1)							959		<b>Total Assets</b>				<b>5,814</b>		Current Liabilities						Trade Payables		94*	(1)			Other Payables	(Note 4)	108	(2)			Cash & Cash Equivalents	(Note 5)	549	(2)			Debenture Redemption		50	(1)			Tax Payable		127	(1)							928		Non-Current Liabilities						10% Debentures				650	(1)							<b>Total Liabilities</b>				<b>(1,578)</b>								<b>Net Assets</b>				<b>4,236</b>		EQUITY						50p Ordinary Shares				1,800	(1)	10% Preference Shares				2,000	(1)	Share Premium				55	(1)	Revaluation Reserve				300	(1)	Closing Retained Earnings				81	(1)	<b>Total Equity</b>				<b>4,236</b>		20	<p>* BOTH Trade Payables &amp; Receivables required for mark.</p> <p>2 marks for layout/no extraneous/arithmetic correct (L/E/A)</p> <p>1 mark for 2 of (L/E/A) achieved.</p> <p>If Debentures not split - award 1 mark.</p>
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3.	(a)	<b>CONTRACT ACCOUNT</b>						<b>28</b>	<p>Accept cost items only if shown within correct section.</p> <p>For example, Direct Expenses/Labour would not be awarded marks if entered after Prime Cost label.</p> <p>Indirect costs would not be awarded marks if entered within direct costs/Prime Cost calculation.</p>
			<b>£000</b>		<b>£000</b>		<b>£000</b>		
		Value of work certified complete				4,800	(1)		
		Work completed but not certified				<u>360</u>	(1)		
						5,160			
		Direct Materials sent to site	1,740	(1)					
		Subcontractor Direct Materials	30	(1)					
		Direct Materials from stores	240	(1)					
		Direct Materials on site 1 January	150	(1)					
		Direct Materials returned to stores	(60)	(1)					
		Direct Materials on site 31 December	<u>(60)</u>	(1)	2,040				
		Direct Labour			1,380	(1)			
		Direct Expenses (312 <sup>1</sup> - 12 <sup>1</sup> )			<u>300</u>	(2)			
		<b>PRIME COST</b>			<b>3,720</b>	(1*)		*Award only if correct and labelled. Be aware of consequentiality	
		Depreciation (720 <sup>1</sup> - 60 <sup>1</sup> ) - 480 <sup>1</sup>	180	(3)					
		Insurance	10	(1)					
		Indirect Wages (75 <sup>1</sup> + 60 <sup>1</sup> )	135	(2)					
		Maintenance of Plant	12	(1)					
		Hire of cleaning equipment	36	(1)					
		Loss on sale of equipment (60 <sup>1</sup> - 6 <sup>1</sup> )	54	(2)					
		Establishment charges	465	(1)					
		Architect fees	96	(1)					
		Overheads	<u>102</u>	(1)	<u>1,090</u>		<u>4,810</u>		
		<b>NOTIONAL PROFIT</b>					<b>350</b>	Award only if correct and labelled. Be aware of consequentiality	
							(1)		
		Profit recognised (350/6,000) x 4,800			<b>280</b>	(1)		Award only if correct and labelled. Be aware of consequentiality	
		Profit carried forward			<u>70</u>	(1)	<u>350</u>	Award only if correct and labelled. Be aware of consequentiality	

Question		Expected response	Max mark	Additional guidance
	(b)	<ul style="list-style-type: none"> <li>• It is normal practice to avoid assuming full profits while a contract is in the process of being completed. (1) This practice is adopted to take account of unforeseen, time-consuming and potentially expensive problems which may arise (1) such as discovering an archaeological site which requires investigation before proceeding with the remainder of the contract. (1)</li> <li>• This is consistent with the principle of conservatism/prudence. (1)</li> <li>• This recognises the possibility of future losses on the contract. (1)</li> </ul>	2	



## Section 2

Question		Expected response	Max mark	Additional guidance
4.	(a)	<b>Sales volume</b> $(18,000 - 24,000) \times 30 = (1) \quad 180,000 \text{ A (1)}$	2	For All Variances:  Award 1 mark for calculation.  Award 1 mark for correct variance and identification of A or F.  Accept declaration of variance consequential to calculation.
	(b)	<b>Sales price</b> $(32 - 30) \times 18,000 = (1) \quad 36,000 \text{ F (1)}$	2	
		<u>Standard kilograms</u> $3,600/24,000 = 0.15$ $0.15 \times 18,000 = 2,700 \text{ kg}$		
	(c)	<b>Material usage</b> $(2,700 - 3,100) \times 60 = (1) \quad 24,000 \text{ A (1)}$	2	
	(d)	<b>Material price</b> $(60 - 56) \times 3,100 = (1) \quad 12,400 \text{ F (1)}$	2	
		<u>Standard hours</u> $60,000/24,000 = 2.5$ $2.5 \times 18,000 = 45,000 \text{ hours}$		
	(e)	<b>Labour efficiency</b> $(45,000 - 40,000) \times 18 = (1) \quad 90,000 \text{ F (1)}$	2	
	(f)	<b>Labour rate</b> $(18 - 21) \times 40,000 = (1) \quad 120,000 \text{ A (1)}$	2	
	(g)	<b>Variable overhead efficiency</b> $(45,000 - 40,000) \times \text{£}8 = (1) \quad 40,000 \text{ F (1)}$	2	
	(h)	<b>Variable overhead expenditure</b> $(40,000 \times 8) - 323,500 = (1) \quad 3,500 \text{ A (1)}$	2	
(i)	<b>Fixed overhead volume</b> (Budgeted quantity - standard material for actual production) * FOAR $(3,600 - 2,700) * 44 = (1) \quad 39,600 \text{ A (1)}$	2		
(j)	<b>Fixed Overhead Expenditure</b> $(3,600 \times 44) - 127,300 = (1) \quad 31,100 \text{ F (1)}$	2		

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5.	(a)	<b>Profit from Operations</b>  <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 30%;"></td> <td style="width: 15%; text-align: right;">Deb Interest</td> <td style="width: 15%; text-align: right;">Corp Tax</td> <td style="width: 10%;"></td> <td style="width: 30%;"></td> </tr> <tr> <td>Amount Paid</td> <td style="text-align: right;">50,000</td> <td style="text-align: right;">30,000</td> <td></td> <td><b>(1) for both</b></td> </tr> <tr> <td>Add Closing Balance</td> <td style="text-align: right;">35,000<sup>1</sup></td> <td style="text-align: right;">48,000<sup>1</sup></td> <td></td> <td><b>(2)</b></td> </tr> <tr> <td>Less Opening Balance</td> <td style="text-align: right;"><u>-20,000<sup>1</sup></u></td> <td style="text-align: right;"><u>-32,000<sup>1</sup></u></td> <td></td> <td><b>(2)</b></td> </tr> <tr> <td>Amount in Income Statement</td> <td style="text-align: right;">65,000</td> <td style="text-align: right;">46,000</td> <td></td> <td></td> </tr> <tr> <td> </td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Profit for the Year</td> <td style="text-align: right;">120,000</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Deb Interest</td> <td style="text-align: right;">65,000</td> <td></td> <td rowspan="3" style="vertical-align: middle;">} <b>(1) #</b></td> <td></td> </tr> <tr> <td>Corp Tax</td> <td style="text-align: right;"><u>46,000</u></td> <td></td> <td></td> </tr> <tr> <td>Profit from Operations</td> <td style="text-align: right;">231,000</td> <td></td> <td></td> </tr> </table>				Deb Interest	Corp Tax			Amount Paid	50,000	30,000		<b>(1) for both</b>	Add Closing Balance	35,000 <sup>1</sup>	48,000 <sup>1</sup>		<b>(2)</b>	Less Opening Balance	<u>-20,000<sup>1</sup></u>	<u>-32,000<sup>1</sup></u>		<b>(2)</b>	Amount in Income Statement	65,000	46,000			 					Profit for the Year	120,000				Deb Interest	65,000		} <b>(1) #</b>		Corp Tax	<u>46,000</u>			Profit from Operations	231,000			<b>6</b>	If candidate has wrong effect of Opening and Closing Balances on 1 <sup>st</sup> adjustment, treat as consequential on 2 <sup>nd</sup> adjustment.  # If dividends included do not award the mark.
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Trade Receivables (86 - 51)	+35,000		<b>(1)</b>																																																			
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	(e)	<b>Net Cash Used in Financing Activities</b>  <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 30%;">Share Issue (60,000 x £1.50)</td> <td style="width: 15%; text-align: right;">90,000</td> <td style="width: 10%;"></td> <td style="width: 45%; text-align: right;"><b>(1)</b></td> </tr> <tr> <td>Share premium (60,000 x 30p)</td> <td style="text-align: right;">18,000</td> <td></td> <td style="text-align: right;"><b>(1)</b></td> </tr> <tr> <td>Debenture Redemption</td> <td style="text-align: right;">-25,000</td> <td></td> <td style="text-align: right;"><b>(1)</b></td> </tr> <tr> <td>Dividends Paid</td> <td style="text-align: right;"><u>-27,000</u></td> <td></td> <td style="text-align: right;"><b>(1)</b></td> </tr> <tr> <td></td> <td style="text-align: right;">56,000</td> <td></td> <td></td> </tr> </table>			Share Issue (60,000 x £1.50)	90,000		<b>(1)</b>	Share premium (60,000 x 30p)	18,000		<b>(1)</b>	Debenture Redemption	-25,000		<b>(1)</b>	Dividends Paid	<u>-27,000</u>		<b>(1)</b>		56,000			<b>4</b>	Must be correct effect in order to gain mark.																												
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[END OF MARKING INSTRUCTIONS]