



EXAMINATIONS COUNCIL OF ESWATINI
Eswatini Prevocational Certificate of Secondary Education

BUSINESS ACCOUNTING

5921/03

Paper 3

Specimen Paper 2025-2026

Total marks: 100

Confidential

MARK SCHEME

This document consists of **20** printed pages.

Stage one

Task One

Day-to-day records – Identification and Uses and Sources of Information

A

1. Three Column Cash Book
To record all monies received and paid by cash
To record all monies received and paid through the bank
To make a note of any discount allowed and received

Sources of information: Paying in book counterfoils/ duplicate deposit slips
 Cheques/cheque counterfoils
 Receipts/ cash slips
 Bank statements
2. Purchases Journal
To record all goods purchased on credit

Sources of information: Invoices received
3. Returns Outward Journal
To record all goods purchased on credit which were returned to the supplier

Sources of information: Credit notes received
4. Sales Journal
To record all goods sold on credit

Sources of information: Copy of invoices issued
5. Returns Inward Journal
To record all goods sold on credit which were returned by the customer

Sources of information: Copy of credit notes issued
6. General Journal
To record all transactions not recorded in any other subsidiary book

To prepare the partnership opening journal entries

Sources of information: Invoices received for the purchase of non-current assets on credit
 Invoices issued for the sale of non- current assets on credit
 Invoices received for expenses incurred on credit
 Information provided by the owner(s) where no document is issued/ provided

7. Purchases Ledger
To record credit suppliers' accounts
- Sources of information: Purchases journal
Returns outward journal
Cash book
General journal
8. Sales Ledger
To record all credit customers' accounts
- Sources of information: Sales journal
Returns inward journal
Cash book
General journal
9. General Ledger
To record all other accounts apart from credit customers and credit suppliers (i.e. assets, liabilities, drawings, revenue, expenses, costs, other income)
- Sources of information: Cash book
Purchases journal
Returns outward journal
Sales journal
Returns inward journal
General journal

Eight accounting records identified, justified + one source of information x 3 = 24

Weighted marks: 24 x ¼ =

[6]

B The partnership agreement serves as a guide on how the business is operated **(1)** as it contains the partnership rules hence help eliminate unnecessary conflicts among partners **(1)**. **[2]**

[Total: 8]

Stage Two

Opening Inventory at 1 March 2025

Quantity	Item	Cost per unit E	Total E
59 Boxes	3 piece frying pans	160	9 440
55 Boxes	12 piece cutlery	88	4 840
110 Units	Dishing spoons	9	990
30 Boxes	8 piece breakfast set	96	2 880
90 Boxes	16 piece breakfast set	200	18 000
79 Boxes	3 piece cereal set	80	6 320
10 Boxes	12 piece dinner set	120	1 200
9 Boxes	20 piece dinner set	280	2 520
30 Units	1L stainless steel pot	80	2 400
29 Units	1.5L stainless steel pot	144	4 176
12 Units	5L stainless steel pot	224	2 688
11 Units	10L stainless steel pot	320	3 520
30 Units	Wooden chopping board	27	810
20 Units	Plastic chopping board	19	380

60 164 [1]

General Journal

2025		E	E
March 1	Fixtures and fittings	89 700	
	Trade receivables: AA Kitchen Dealers	8 200	
	Vumile Kitchenware	9 000 (1)	
	Inventory	60 164	
	Cash	8 976 (1)	
	Bank		6 360
	Trade payables: Vee Supplies		16 440 (1)
	Capital account – Swakhile (153 240 x 3/5)		91 944 (1)
	Capital account – Khipha (153 240 x 2/5)		<u>61 296</u>
	<u>Assets, liabilities and capital at this date (1)</u>	<u>176 040</u>	<u>176 040</u>
April 1	Motor Vehicle	120 000	
	Dee Dee Motors		120 000 (1)
	<u>Motor vehicle bought on credit (1)</u>		
May 15	Irrecoverable debts	5 500	
	Mcebo Supermarket		5 500 (1)
	<u>Irrecoverable debt written off (1)</u>		

[9]

General Ledger

Capital account - Swakhile

2025		E	2025		E
May 31	Drawings	16 800(1)	March 1	Balance	91 944
31	Balance c/d	<u>76 062</u>	May 31	Profit	<u>91810F</u>
		<u>92 862</u>	June 1	Balance b/d	<u>92 862</u>
					<u>76 06210F</u>

[3]

Capital account - Khipha

2025		E	2025		E
May 31	Drawings	17 300(1)	March 1	Balance	61 296
31	Balance c/d	<u>44 608</u>	May 31	Profit	<u>61210F</u>
		<u>61 548</u>	June 1	Balance b/d	<u>61 908</u>
					<u>44 60810F</u>

[3]

Fixtures and Fittings account

2025		E	2025		E
March 1	Balance	<u>89 700</u>	May 31	Balance c/d	<u>89 700</u>
		<u>89 700</u>			<u>89 700</u>
June 1	Balance b/d	89 700(1)			

[1]

Provision for Depreciation account - Fixtures and Fittings

2025		E	2025		E
May 31	Balance c/d	4 485	May 31	Income statement	4 485(1)
		<u>4 485</u>	June 1	Balance b/d	<u>4 485</u>
					4 485(1)

[2]

Rent account

2025		E	2025		E
March 1	Bank	16 000(1)	May 31	Income statement	24 000(1)
May 31	Balance c/d	<u>8 000</u>	June 1	Balance b/d	<u>24 000</u>
		<u>24 000</u>			8 000(1)

[3]

Inventory account

2025		E	2025		E
March 1	Balance	<u>60 164</u>	May 31	Income statement	<u>60 164(1)</u>
May 31	Income statement	<u>99 785(1)</u>	31	Balance c/d	<u>99 785</u>
June 1	Balance b/d	99 785(1)			

[3]

Drawings account - Swakhile

2025		E	2025		E
April 21	Bank	<u>16 800(1)</u>	May 31	Capital account	<u>16 800(1)</u>
		<u>16 800</u>			<u>16 800</u>

[2]

Drawings account - Khipha

2025		E	2025		E
March 25	Bank	<u>17 300</u> (1)	May 31	Capital account	<u>17 300</u> (1)
		<u>17 300</u>			<u>17 300</u>

[2]

Purchases account

2025		E	2025		E
March 31	Total for the month	113 040	May 31	Income statement	232 100(1)
April 30	Total for the month	61 808			<u>232 100</u>
May 31	Total for the month	<u>57 252</u>			
		<u>232 100</u>			

[2]

Returns Outward account

2025		E	2025		E
May 31	Income statement	3 120(1)	March 31	Total for the month	1 200
		<u>3 120</u>	April 30	Total for the month (1)	<u>1 920</u>
					<u>3 120</u>

[2]

Sales account

2025		E	2025		E
May 31	Income statement	243 625(1)	March 31	Total for the month	80 725
		<u>243 625</u>	April 30	Total for the month	68 325
			May 31	Total for the month	94 575
					<u>243 625</u>

[2]

Returns Inward account

2025		E	2025		E
April 30	Total for the month	1 530	May 31	Income statement(1)	2 250
May 31	Total for the month	<u>720</u> (1)			<u>2 250</u>
		<u>2 250</u>			

[2]

General expenses account

2025		E	2025		E
March 5	Cash	2 400	May 31	Income statement(1)	8 600
May 25	Cash	6 200(1)			<u>8 600</u>
		<u>8 600</u>			

[2]

Salaries account

2025		E	2025		E
May 31	Bank	<u>3 600</u> (1)	May 31	Income statement(1)	3 600
		<u>3 600</u>			<u>3 600</u>

[2]

Discount Allowed account

2025		E	2025		E
March 31	Total for the month	164	May 31	Income statement (1)	2 395
April 30	Total for the month	1 882			
May 31	Total for the month	349			
		<u>2 395</u>			<u>2 395</u>

[2]

Discount Received account

2025		E	2025		E
May 31	Income statement	2 983(1)	March 31	Total for the month	411
		<u>2 983</u>	April 30	Total for the month	2 572
					<u>2 983</u>

[2]

Loan – Saanda account

2025		E	2025		E
May 31	Balance c/d	<u>110 000</u>	March 31	Bank	<u>110 000(1)</u>
		<u>110 000</u>			<u>110 000</u>
			June 1	Balance b/d	110 000(1)

[2]

Irrecoverable Debts account

2025		E	2025		E
May 15	Mcebo Supermarket	<u>5 500(1)</u>	May 31	Income statement	<u>5 500(1)</u>
		<u>5 500</u>			<u>5 500</u>

[2]

Motor Vehicle account

2025		E	2025		E
April 1	Dee Dee Motors	<u>120 000(1)</u>	May 31	Balance c/d	<u>120 000</u>
		<u>120 000</u>			<u>120 000</u>
June 1	Balance b/d	120 000(1)			

[2]

Dee Dee Motors account

2025		E	2025		E
April 1	Bank	40 000	April 1	Motor vehicle	<u>120 000(1)</u>
30	Balance c/d	80 000			
		<u>120 000</u>			
May 1	Bank	40 000	May 1	Balance b/d	80 000(1)
31	Balance c/d	<u>40 000</u>			<u>80 000</u>
		<u>80 000</u>	June 1	Balance b/d	40 000(1)

[4]

Interest on overdraft account

2025		E	2025		E
May 31	Bank	<u>437(1)</u>	May 31	Income statement	<u>437(1)</u>
		<u>437</u>			<u>437</u>

[2]

Bank charges account

2025		E	2025		E
May 31	Bank	<u>452(1)</u>	May 31	Income statement	<u>452(1)</u>
		<u>452</u>			<u>452</u>

[2]

Purchases Ledger

Bonke Kitchenware account

2025		E	2025		E
March 31	Balance c/d	44 800	March 2	Purchases	44 800
		<u>44 800</u>			<u>44 800</u>
April 29	Bank	43 904	April 1	Balance b/d	44 800(1)
29	Discount	896 (1)			<u>44 800</u> (1)
		<u>44 800</u>			<u>18 852</u>
May 31	Balance c/d	18 852	May 22	Purchases	18 852
		<u>18 852</u>			<u>18 852</u>
			June 1	Balance b/d	18 852(1)

[4]

Vee Supplies account

2025		E	2025		E
March 27	Bank	16 029	March 1	Balance	16 440
27	Discount	411 (1)			<u>16 440</u>
		<u>16 440</u>			<u>61 808(1)</u>
April 25	Returns outward	1 920(1)	April 19	Purchases	61 808(1)
30	Balance c/d	59 888			<u>61 808</u>
		<u>61 808</u>	May 1	Balance b/d	59 888(1)
May 31	Bank	20 800(1)			<u>59 888</u>
31	Balance c/d	39 088	June 1	Balance b/d	39 088(1)
		<u>59 888</u>			

[6]

Sinje Supplies account

2025		E	2025		E
March 18	Returns outward	1 200(1)	March 9	Purchases	68 240
31	Balance c/d	67 040			<u>68 240</u> (1)
		<u>68 240</u>			<u>67 040(1)</u>
April 15	Bank	65 364	April 1	Balance b/d	67 040
15	Discount	1 676 (1)			<u>67 040</u>
		<u>67 040</u>	May 3	Purchases	38 400
May 31	Balance c/d	38 400			<u>38 400</u>
		<u>38 400</u>	June 1	Balance b/d	38 400(1)

[5]

Sales Ledger

AA Kitchen Dealers account

2025		E	2025		E
March 1	Balance	8 200	March 28	Bank	8 036
		<u>8 200</u>	28	Discount	<u>164</u> (1)
April 7	Sales	42 480	April 16	Returns inward	<u>8 200</u>
		<u>42 480</u> (1)	30	Bank	1 530 (1)
May 8	Sales	53 100		Discount	<u>40 131</u> (1)
		<u>53 100</u> (1)	May 18	Returns inward	<u>819</u> (1)
June 1	Balance b/d	<u>53 100</u>	31	Balance c/d	<u>42 480</u>
		52 380 (1)			720 (1)
					<u>52 380</u>
					<u>53 100</u>

[5]

Vumile Kitchenware account

2025		E	2025		E
March 1	Balance	9 000	March 31	Balance c/d	9 000
		<u>9 000</u>	April 1	Bank	9 000 (1)
April 1	Balance b/d	9 000 (1)	30	Balance c/d	<u>17 445</u>
4	Sales	17 445	May 30	Bank	<u>26 445</u>
		<u>17 445</u> (1)		Discount	17 096
May 1	Balance b/d	17 445 (1)	30	Discount	349 (1)
29	Sales	41 475	31	Balance c/d	<u>41 475</u>
		<u>41 475</u> (1)			<u>58 920</u>
June 1	Balance b/d	<u>58 920</u>			
		41 475 (1)			

[6]

Njalo Traders account

2025		E	2025		E
March 15	Sales	44 725	March 31	Balance c/d	44 725
		<u>44 725</u> (1)	April 14	Bank	<u>44 725</u>
April 1	Balance b/d	44 725 (1)	14	Discount	43 830
28	Sales	8 400	30	Cash	895 (1)
		<u>8 400</u> (1)	30	Discount	<u>8 232</u> (1)
		<u>53 125</u>			<u>168</u> (1)
					<u>53 125</u>

[4]

Mcebo Supermarket account

2025		E	2025		E
March 25	Sales	36 000 (1)	March 31	Balance c/d	36 000
April 1	Balance b/d	<u>36 000</u>	April 30	Balance c/d	<u>36 000</u>
May 1	Balance b/d	36 000 (1)	May 15	Bank	30 500
		<u>36 000</u>		Irrecoverable debts	<u>5 500</u> (1)
					<u>36 000</u>

[3]

Purchases Journal

2025		E	E
March 2	Bonke Kitchenware		44 800(1)
9	Sinje Supplies		68 240 (1)
31	Transfer to purchases account		<u>113 040</u>
April 19	Vee Supplies		61 808(1)
30	Transfer to purchases account		<u>61 808</u>
May 3	Sinje Supplies		38 400(1)
22	Bonke Kitchenware		18 852(1)
31	Transfer to purchases account		<u>57 252</u>

[5]

Returns Outward Journal

2025		E	E
March 18	Sinje Supplies		<u>1200(1)</u>
31	Transfer to returns outward account		<u>1200</u>
April 25	Vee Supplies		1920 (1)
30	Transfer to returns outward account		<u>1920</u>

[2]

Sales Journal

2025		E	E
March 15	Njalo Traders		44 725(1)
25	Mcebo Supermarket		36 000(1)
31	Transfer to sales account		<u>80 725</u>
April 4	Vumile Kitchenware		17 445(1)
7	AA Kitchen Dealers		42 480(1)
28	Njalo Traders		8 400(1)
30	Transfer to sales account		<u>68 325</u>
May 8	AA Kitchen Dealers		53 100(1)
29	Vumile Kitchenware		41 475(1)
31	Transfer to sales account		<u>94 575</u>

[7]

Returns Inward Journal

2025		E	E
April 16	AA Kitchen Dealers		<u>1530(1)</u>
30	Transfer to returns inward account		<u>1530</u>
May 18	AA Kitchen Dealers		720(1)
31	Transfer to returns inward account		<u>720</u>

[2]

Swakhi Wholesalers
Cash Book

2025		Discount Allowed	Cash	Bank	2025		Discount Received	Cash	Bank
		E	E	E			E	E	E
March 1	Balance		8 976		March 1	Balance			6 360(1)
28	AA Kitchen Dealers	164	← →	8 036(1)	1	Rent			16 000(1)
31	Loan-Saanda			110 000(1)	5	General expenses		2 400(1)	
					25	Drawings – Khipha			17 300(1)
					27	Vee Supplies	411	← →	16 029(1)
					31	Balance c/d			
		<u>164</u>	<u>8 976</u>	<u>118 036</u>			<u>411</u>	<u>6 576</u>	<u>62 347</u>
April 1	Balance b/d		6 576(1)	62 347(1)	April 1	Dee Dee Motors			40 000(1)
1	Vumile Kitchenware			9 000(1)	15	Sinje Supplies	1 676	← →	65 364(1)
14	Njalo Traders	895	← →	43 830(1)	21	Drawings – Swakhile			16 800(1)
30	AA Kitchen Dealers	819	← →	40 131(1)	29	Bonke Kitchenware	896	← →	43 904(1)
30	Njalo Traders	168	← →	8 232(1)	30	Balance c/d		14 808	-
30	Balance c/d			10 760					
		<u>1 882</u>	<u>14 808</u>	<u>166 068</u>			<u>2 572</u>	<u>14 808</u>	<u>166 068</u>
May 1	Balance b/d		14 808(1)	-	May 1	Balance b/d			10 760(1)
15	Mcebo Supermarket			30 500(1)	1	Dee Dee Motors			40 000(1)
30	Vumile Kitchenware	349	← →	17 096(1)	25	General expenses		6 200(1)	
31	Balance c/d			27 564	31	Vee Supplies			20 800(1)
					31	Salaries			3 600(1)
		<u>349</u>	<u>14 808</u>	<u>75 160</u>	31	Balance c/d		8 608	-
June 1	Balance b/d		8 608(1)	-	June 1	Balance b/d			27 564(1)
					May 31	Interest on overdraft			437(1)
					31	Bank charges			452(1)
May 31	Balance c/d			28 453	31	Balance c/d		8 608	-
		<u>-</u>	<u>8 608</u>	<u>28 453</u>					
June 1	Balance b/d		8 608(1)		June 1	Balance b/d		8 608	28 453(1)

- 1 mark for both opening balances

[31]

Bank Reconciliation statement at 31 May 2025

	E	E
Balance as per bank statement		(21 149) (1)
Add: Uncredited deposits: Vumile Kitchenware		<u>17 096</u> (1)
		(4 053) (1)
Less: Cheques not yet presented: Vee Supplies Salary	20 800 <u>3 600</u> (1)	
		<u>24 400</u>
Balance as per cash book		<u><u>(28 453)</u></u> (1)

[5]

Trial Balance at 31 May 2025

	Debit E	Credit E
Capital – Swakhile		91 944
Capital – Khipha		61 296 (1)
Fixtures and fittings	89 700	
Motor vehicle	120 000 (1)	
Rent	16 000	
Inventory 1 March 2025	60 164 (1)	
Drawings: Swakhile	16 800	
Khipha	17 300 (1)	
Purchases	232 100	
Returns outward		3 120(1)
Sales		243 625(1)
Returns inward	2 250	
General expenses	8 600	
Salaries	3 600 (1)	
Discount allowed	2 395	
Discount received		2 983(1)
Loan – Saanda		110 000(1)
Irrecoverable debt	5 500	
Other payables		40 000(1)
Interest on overdraft	437	
Bank charges	452 (1)	
Trade payables (18 852 + 39 088 + 38 400)		96 340(1)
Trade receivables (52 380 + 41 475)	93 855(1)	
Bank		28 453(1)
Cash	8 608(1)	
	<u>677 761</u>	<u>677 761</u>

All amounts own figures

[15]

Closing Inventory at 31 May 2025

Quantity	Item	Cost per unit E	Value of inventory E
92 Boxes	3 piece frying pans	160	14 720
20 Boxes	12 piece cutlery	88	1 760
155 Units	Dishing spoons	9	1 395
45 Boxes	8 piece breakfast set	96	4 320
111 Boxes	16 piece breakfast set	200	22 200
189 Boxes	3 piece cereal set	80	15 120
70 Boxes	12 piece dinner set	120	8 400
45 Boxes	20 piece dinner set	280	12 600
53 Units	1L stainless steel pot	80	4 240
56 Units	1.5L stainless steel pot	144	8 064
8 Units	5L stainless steel pot	224	1 792
16 Units	10L stainless steel pot	320	5 120
2 Units	Wooden chopping board	27	54
0 Units	Plastic chopping board	19	0

E99 785 [1]

Swakhi Wholesalers
Income Statement for the three months ended 31 May 2025

	E	E	E
Revenue			243 625
Less returns inward			<u>2 250</u>
			241 375 (1)
Less Cost of sales			
Opening inventory		60 164	
Purchases	232 100		
Less Returns outward	<u>3 120(1)</u>	<u>228 980</u>	
Less Closing inventory		289 144	(1)
Gross profit		<u>99 785</u>	<u>189 359(1)</u>
Add Discount received			52 016 (1)
			<u>2 983</u>
			54 999 (1)
Less Expenses			
Rent (16 000+ 8 000)		24 000 (1)	
General expenses		8 600 (1)	
Irrecoverable debts		5 500	
Discount allowed		2 395	
Salaries		3 600 (1)	
Bank charges		452	
Interest on overdraft		437 (1)	
Depreciation – Fixtures and fittings (89 700 x 20% x 3/12)		4 485 (1)	
Depreciation - Motor vehicles (120 000 x 20% x 2/12)		<u>4 000(1)</u>	
Profit for three months			<u>53 469</u>
			<u>1 530(1)</u>

[13]

Swakhi Wholesalers
Statement of Financial Position as at 31 May 2025

	E At valuation	E Depreciation to date	E Book value
Non-Current assets			
Motor vehicle	120 000	4 000(1)	116 000(1)
Fixtures and fittings	<u>89 700</u>	<u>4 485(1)</u>	<u>85 215(1)</u>
	<u>209 700</u>	<u>8 485</u>	201 215(1)
Current assets			
Inventory		99 785(1)	
Trade receivables (52 380 + 41 475)		93 855(1)	
Cash		<u>8 608(1)</u>	
			<u>202 248</u>
Financed by			<u>403 463</u>
Capital accounts: Swakhile Khipha			76 062(1)
			<u>44 608(1)</u>
Non-current liabilities			120 670
Loan – Saanda			110 000(1)
Current liabilities			
Trade payables (18 852+ 39 088 + 38 400)		96 340(1)	
Bank overdraft		28 453(1)	
Other payables(8000 + 40 000)		<u>48 000(1)</u>	
			<u>172 793</u>
			<u>403 463</u>

All amounts own figures

[14]

[Total: 186] weighted Marks 186 x 1/3 = 62

[Total: 62]

Stage Three

Calculation of Ratios

1.	Gross Margin	$\frac{52\,016}{241\,375} \times 100$ } (1)	21.55%(1)
2.	Profit Margin	$\frac{1530}{241\,375} \times 100$ } (1)	0.63% (1)
3.	Rate of Inventory Turnover	$\frac{189\,359}{(60\,164 + 99\,785)/2}$ } (1)	2.37 times (1)
4.	Current ratio	202 248: 172 793 (1)	1.17 :1(1)
5.	Quick ratio	102 463: 172 793 (1)	0.59 : 1(1)
6.	Return on capital employed (opening)	$\frac{1530}{153\,240} \times 100$ } (1)	1.00% (1)

[12]

Note - all the calculations are to be based on own figures

Interpretation of Ratios

Gross Margin	21.55%	The partnership business made a gross profit of E21.55 for every E100 revenue in the three months trading period. Looks satisfactory, compare with similar businesses
Profit Margin	0.63%	The partnership business made a profit of E0.63 for every E100 revenue in the three months trading period.
Rate of Inventory Turnover	2.37 times	The partnership business sold and replaced its inventory 2.37 times in the three months trading period.
Current ratio	1.17 :1	Below the benchmark 1.5:1 to 2.0:1. /current assets cannot meet immediate liabilities as they fall due
Quick ratio	0.59 : 1	Below the benchmark 0.7:1 to 1:1. / Liquid assets are not sufficient to meet immediate liabilities as they fall due.
Return on capital employed	1.00%	The partners made a return of E1.00 for every E100 used in the business. Less profitable although profit has been calculated for only three months trading period.

Comments

These ratios are only for three months of trading.

Compare business performance with other similar businesses and with previous years.

Rate of turnover

It has been calculated only for three months and value of inventory has increased significantly from E60 164 to E99 785 over the three months.

Current ratio

The current assets include a high level of inventory/ and trade receivables; if a large loan had not been received the current ratio would be extremely low.

Quick ratio

The receipt of a loan eliminated the overdraft for very short period of time as their bank account was still overdrawn at the end of the three months period. Even though the ratio is within the acceptable range the business might have difficulties in the near future to cover its short-term obligations as they fall due from the available liquid assets.

Return on capital employed

This is based on the opening capital. The business is less profitable and in the next trading period would be worse as there is an extra E110 000 of long-term funds to be considered.

One relevant comment on each ratio x 6

[6]

Note - comments must relate to own figure calculations.

Recommendations for future

The ratios should be calculated after a twelve-months trading period as this would show a true picture of the business performance and liquidity in light of differences in the seasons of the year.

Any two general points x 1

[2]

Inventory

Introduce inventory valuation system using inventory cards for each item. This helps to easily identify items to order since the system would indicate re-order levels. It ensures no items will be out of stock like the plastic chopping boards and this ensures that slow-selling items are high-lighted like the 1.5 litres stainless steel pots. Reduce excess stock of some items e.g. dishing spoons and 3 piece cereals sets/ too much money tied up in the high level of inventory

Credit customers

Have a credit limit for each customer so that would reduce the high figure for total trade receivables/ although the credit control system appears to be working as statements of account are issued regularly, there was one credit customer who failed to pay his debt in full but consider conducting a credit check for new customers.

Credit suppliers

Buy from cheaper suppliers. / all accounts were paid in time to earn a cash discount/ one supplier was paid far too soon when funds could possibly have been utilized more efficiently

Liquidity

High amount of trade receivables and inventory mean that funds could be used more effectively/ Take steps to ensure funds are being used efficiently.

Expenses

Reduce expenses to maximise profit e.g. renting cheaper premises / not employing assistant; reducing rate of discount allowed

Review expenses at the end of the financial year

Increase sales or generate more income

Any five relevant recommendations x 1

Note - recommendations must relate to own figure calculations

[5]

[Total: 25]