

- 3 Rushil is a trader and has provided his statement of financial position at 30 September 2025.

	\$	\$
Non-current assets		220 000
Current assets		
Inventory	34 000	
Trade receivables	44 000	
Other receivables	6 500	
Cash	<u>8 400</u>	<u>92 900</u>
		<u>312 900</u>
Capital and liabilities		
Capital – opening balance	199 100	
Profit for the year	<u>36 000</u>	
	235 100	
Less: Drawings	<u>12 000</u>	223 100
Non-current liabilities		
Long-term bank loan	49 000	49 000
Current liabilities		
Trade payables	31 000	
Bank	<u>9 800</u>	<u>40 800</u>
		<u>312 900</u>

Rushil has provided the following additional information:

- 1 Inventory at 1 October 2024 was \$30 000.
- 2 The profit for the year in his statement of financial position was after having deducted loan interest charges of \$2450.
- 3 For the year ended 30 September 2025:
 - sales totalled \$482 000 (\$387 000 were on credit; the remainder were cash sales)
 - purchases totalled \$310 000 (all on credit).



Question	Answer		Marks
3(a)	Return on Capital employed (ROCE)		8
	$\frac{36\,000 + 2\,450}{223\,100 + 49\,000} = \frac{38\,450 \text{ (1)}}{272\,100 \text{ (1)}} \times 100$	14.13% (1)OF	
	Rate of inventory turnover		
	$\frac{30\,000 + 310\,000 - 34\,000}{(34\,000 + 30\,000)/2} = \frac{306\,000 \text{ } 1}{32\,000 \text{ } }$	9.56 times (1)OF	
	Trade receivables turnover (days)		
	$\frac{44\,000}{387\,000} \times 365$	42 days (1)	
	Trade payables turnover (days)		
	$\frac{31\,000}{310\,000} \times 365$	37 days (1)	
	Current ratio		
	$\frac{92\,900}{40\,800}$	2.28:1 (1)	
3(b)(i)	Max 2 Increase profit for the year/reduce expenses (1) Reduce capital/increase drawings/withdraw capital (1) Repay long-term loan/reduce long term liabilities (1) Accept other valid responses		2

Question	Answer	Marks
3(b)(ii)	Max 2 Increase quantity sold/ increase demand/start marketing campaign/make special offers (1) Reduce selling prices/increase trade discount allowed to customers (1) More efficient stock control/purchase less inventory/'just in time' purchasing (1) Accept other valid responses	2
		