Solutions

IGCSE Business answers are marked by **level of response**: award **K** knowledge, **App** application, **An** analysis and **Ev** a justified judgement.

Each answer shows the steps, then the **result**.

2.1

- a **current asset** is cash or can soon be turned into cash (inventory, money owed by customers) (K)

2.2

- **current liability**: due **within a year** (K)
- **non-current liability**: due **after more than a year** (K)

2.3

- any **two** of: buildings / machines / vehicles / equipment (K, K)

3.1

- any **two** of: assets / liabilities / owners' equity / whether it can pay its debts (K, K)

3.2

- for **each** of two reasons: K + An, max 3 each
- e.g. **can it repay**: assets and debts show whether the firm can repay a loan
- e.g. **security**: non-current assets as collateral → the bank lends more safely

3.3

- **for the statement of financial position**: what the firm owns and owes; stability
- **against**: the income statement shows **profit**, which is the investor's return
- **judgement (Ev)**: an investor needs **both** — neither alone is enough