



**Answer ALL questions. Write your answers in the spaces provided.**

You will need to use the data on **page 2** of the Resource Booklet to answer parts (b), (c) and (d).

**1** (a) State **two** advantages of operating as a partnership.

(2)

1 .....

2 .....

(b) Prepare the capital accounts using the table below. Dates are **not** required.

(6)

**Capital Account**

Details	Zoa \$	Li \$	Details	Zoa \$	Li \$

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**Mona**  
**Statement of financial position at 31 August 2019**

**Assets**

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(c) (i) Explain, referring to an appropriate accounting concept, how the funding of the machine purchased should be treated in the books of account.

(2)

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(ii) State **two other** methods of funding the purchase of a non-current asset.

(2)

1 .....

2 .....

(iii) State **two** accounting concepts that apply when depreciating non-current assets.

(2)

1 .....

2 .....

**(Total for Question 2 = 19 marks)**

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**(Total for Question 3 = 19 marks)**



You will need to use the data on **page 6** of the Resource Booklet to answer parts (a) and (c).

**4** (a) Calculate for the new machine the:

(i) accounting rate of return

(3)

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(ii) payback period

(3)

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(iii) net present value.

(3)

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(b) State, indicating with a tick (✓), the effect on the net present value of an increase in the discount factor.

(1)

Increase	
Decrease	
No effect	

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Hyat is considering renting the new machine at a monthly cost of \$20 000 including maintenance and insurance.

(c) Discuss whether Hyat should purchase or rent the machine.

You **must** justify your decision.

(5)

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(d) Explain **one** reason why Hyat charges the same amount of depreciation each year.

(2)

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(e) State, indicating with a tick (✓), how the disposal of a machine would be shown in the asset disposal account.

(4)

	Debit	Credit
Transfer of original cost of machine		
Transfer of accumulated depreciation		
Sale proceeds		
Profit on disposal		

(Total for Question 4 = 21 marks)

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You will need to use the data on **page 7** of the Resource Booklet to answer parts (b), (c), (d) and (e).

5 (a) State **one** reason for preparing budgets. (1)

(b) Calculate **total** sales for **each** of the three months. (3)

You may show your answer in the table or lines below.

2020			
	January \$	February \$	March \$
Total sales			

(c) Prepare the inventory budget for the three-month period ending 31 March 2020. (4)

**Sania**  
**Inventory budget for the three-month period ending 31 March 2020**

2020			
	January \$	February \$	March \$
Opening balance			
Purchases			
Cost of sales			
Closing balance			

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(d) Prepare the budgeted statement of profit or loss for the three-month period ending 31 March 2020.

(8)

**Sania**

**Budgeted statement of profit or loss for the three-month period ending 31 March 2020**

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