



**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 (a), (b) and (c).

**1** (a) Calculate the original cost of the equipment sold.

(2)

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(b) Prepare the plant and equipment cost account for the year ended 30 June 2020. Balance the account on this date and bring the balance down on 1 July 2020.

(4)

**Plant and Equipment Cost Account**

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(c) Complete the statement of changes in equity for the year ended 30 June 2020.

(10)

**OE4 Ltd**  
**Statement of changes in equity for the year ended 30 June 2020**

	Share capital \$	Share premium \$	Revaluation reserve \$	Retained earnings \$	Total \$
Balance at 1 July 2019	174 000	34 800	–	88 300	297 100
Bonus issue					
Final dividend					
Rights issue					
Interim dividend					
Revaluation					
Profit for the year					
Balance at 30 June 2020					

(d) (i) Identify, indicating with a tick (✓), the section of a statement of cash flows where **each** item will be shown.

(2)

	Operating activities	Investing activities
Proceeds from disposal of equipment		
Profit/loss on disposal of equipment		

(ii) State **two** items that would be shown in the financing activities section of a statement of cash flows.

(2)

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2 .....



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(e) Explain **one** reason why a company prepares a statement of cash flows.

(2)

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(Total for Question 1 = 22 marks)

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**Mark**  
**Statement of profit or loss for the year ended 31 October 2020**

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(c) Explain how the business entity concept applies when Mark takes goods for his own use.

(2)

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(d) State **two other** ratios that Mark can use to assess profitability in addition to profit for the year as a percentage of revenue.

(2)

1 .....

2 .....

**(Total for Question 2 = 20 marks)**

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You will need to use the data on **page 4** of the Resource Booklet to answer this question.

**3** Prepare the consolidated statement of financial position at 31 March 2020.

(19)

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You will need to use the data on **page 5** of the Resource Booklet to answer parts (a), (c) and (d).

4 (a) (i) Calculate the accounting rate of return for the proposed new machine. (3)

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.....  
.....

(ii) State **two other** methods of capital investment appraisal. (2)

1 .....  
2 .....

(iii) State **two** accounting concepts that apply when recording the purchase of non-current assets. (2)

1 .....  
2 .....

(b) Define the following terms: (2)

breakeven point

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margin of safety.  
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(c) Calculate the annual:

(i) breakeven point in units

(3)

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(ii) breakeven point in revenue

(1)

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(iii) margin of safety in units

(1)

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(iv) margin of safety in revenue.

(1)

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You will need to use the data on **page 7** of the Resource Booklet to answer part (a).

**5** (a) Complete the cash budget for the three-month period ending 30 June 2021.

(14)

**Space for workings**

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**Neroo Ltd**  
**Cash budget for the three-month period ending 30 June 2021**

	April \$	May \$	June \$
<b>Receipts</b>			
Trade receivables (credit sales)			
			
Total receipts			
<b>Payments</b>			
Cash purchases			
Wages			
General expenses			
Loan interest			
Loan repayment			
Total payments			
Net inflow / (outflow)			
Opening balance			
Closing balance			



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Neroo is considering changing to a supplier who offers two months' credit terms with an early payment discount for payment within one month.

(b) Evaluate this proposal in terms of profitability and liquidity.

(5)

Profitability

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Liquidity

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Evaluation

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**(Total for Question 5 = 19 marks)**

**TOTAL FOR PAPER = 100 MARKS**

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