

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) and (b).

1 (a) Calculate the value of inventory at 31 January 2021.

(2)

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(b) Prepare the statement of profit or loss for the year ended 31 January 2021. You may show your answer in the table or lines provided.

(20)

Plomear Ltd
Statement of profit or loss for the year ended 31 January 2021

	\$
Revenue	
Cost of sales	
Gross profit	
Administrative expenses	
Distribution costs	
Profit from operations	
Finance costs	
Profit before tax	
Tax	
Profit for the year	

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Plomear Ltd
Statement of profit or loss for the year ended 31 January 2021

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(Total for Question 1 = 22 marks)

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You will need to use the data on **page 3** of the Resource Booklet to answer part (a).

2 (a) (i) Calculate the rental income received in advance at 31 March 2021. (1)

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(ii) Complete the adjustment columns of the extended trial balance extract at 31 March 2021. (12)

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Cetan and Demelza
Extended trial balance extract at 31 March 2021

	Balance	Adjustment	
		Debit \$	Credit \$
	\$		
8% bank deposit	25 000		
Bank	2 195		
Current account – Cetan	4 120		
Current account – Demelza	9 695		
Discount allowed	1 458		
Discount received	976		
Drawings – Cetan	16 200		
Drawings – Demelza	18 300		
General expenses	11 010		
Irrecoverable debts	980		
Motor expenses	3 990		
Rental income	2 625		
Trade payables	13 775		
Trade receivables	16 920		
Closing inventory – statement of financial position			
Closing inventory – statement of profit or loss			
Irrecoverable debts recovered			
Other payables			
Other receivables			



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(b) Explain, referring to an accounting concept, why the partnership must make an adjustment for rental income in advance.

(2)

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(c) Identify, indicating with a tick (✓), where **each** item will be shown.

(4)

	Statement of profit or loss	Appropriation account	Statement of financial position
Interest charged on bank loan			
Interest owing on bank loan			
Interest on capital			
Interest on drawings			

(Total for Question 2 = 19 marks)

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You will need to use the data on **page 4** of the Resource Booklet to answer part (b).

- 3 (a) Identify, indicating with a tick (✓), how **each** is classified. (2)

	Capital reserve	Revenue reserve
Retained earnings		
Revaluation reserve		

- (b) Prepare the statement of changes in equity for the year ended 31 December 2020. (10)

Golant Ltd
Statement of changes in equity for the year ended 31 December 2020

	Share capital \$	Share premium \$	Revaluation reserve \$	Retained earnings \$	Total \$
Balance at 1 January 2020					
Final dividend					
Rights issue					
Bonus issue					
Interim dividend					
Revaluation					
Profit/loss for the year					
Balance at 31 December 2020					

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4 Polly is considering purchasing a new machine and has provided the following information for the annual production and sales of 12 500 units.

	\$
Purchase price	360 000
Residual value after 4 years	140 000
Selling price per unit	28
Variable cost per unit	13
Fixed costs per year:	
maintenance contract	32 500
depreciation	55 000

(a) State **two** examples of a variable cost.

(2)

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(b) Calculate the annual:

(i) break-even point in units

(3)

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(ii) margin of safety in units.

(1)

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(c) Calculate for the new machine the:

(i) accounting rate of return

(3)

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(ii) net present value

(5)

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

Year	Net cash flow \$	Discount factor at 8%	Present value \$
0	(360 000)	1.000	(360 000)
1		0.926	
2		0.857	
3		0.794	
4		0.735	
Net present value			

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(iii) payback period in years and months.

(3)

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(iv) Explain **one** reason why a business would calculate the payback period.

(2)

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(Total for Question 4 = 19 marks)

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P 6 9 2 2 1 A 0 1 3 1 6

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

- 5 (a) Prepare the trade payables budget for the three-month period ending 31 October 2021.

(7)

Space for workings

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Daphne
Trade payables budget for the three-month period ending 31 October 2021

	August \$	September \$	October \$
Opening balance			
Credit purchases			
Payments			
Discount received			
Closing balance			

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(b) (i) Calculate the **total** budgeted revenue for the three-month period ending 31 October 2021. (1)

(ii) Prepare the extract of the budgeted statement of profit or loss for the three-month period ending 31 October 2021 showing the **trading section** only. (6)

Daphne
Budgeted statement of profit or loss for the three-month period ending 31 October 2021

	\$	\$
Revenue		
Cost of sales		
Opening inventory		
Purchases		
Closing inventory		
Gross profit		

(c) State **two** expenses that may appear in a budgeted statement of profit or loss but **not** in the cash budget. (2)

- 1
- 2



