



**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** reasons why a company prepares a statement of cash flows. (2)

1 .....

2 .....

(b) Calculate the profit from operations for the year ended 31 August 2018. (3)

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You will need to use the data on **pages 3 and 4** of the Resource Booklet to answer parts (a), (c) and (d).

- 2 (a) Prepare the schedule of non-current assets at 31 July 2018.

(8)

**Mallot plc**  
**Schedule of non-current assets at 31 July 2018**

	<b>Land and buildings \$</b>	<b>Plant and machinery \$</b>	<b>Motor vehicles \$</b>	<b>Total \$</b>
<b>Cost / Valuation</b>				
At 1 August 2017	1 400 000	862 000	320 000	2 582 000
Revaluation				
Additions				
Disposals				
At 31 July 2018				
<b>Accumulated depreciation</b>				
At 1 August 2017	180 000	460 000	140 250	780 250
Charge for the year				
Revaluation				
Disposals				
At 31 July 2018				
<b>Carrying value</b>				
At 31 July 2018				
At 1 August 2017	1 220 000	402 000	179 750	1 801 750



(b) State **two** differences between redeemable preference shares and irredeemable preference shares.

(2)

1 .....

2 .....

(c) Prepare the following accounts:

(i)

(3)

**Ordinary Share Capital Account**

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(ii)

(3)

**Share Premium Account**

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

**3** (a) Calculate the following for the consolidated statement of profit or loss of Pallow plc for the year ended 31 August 2018:

(i) cost of sales (2)

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(ii) finance costs (1)

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(b) Calculate the following for the consolidated statement of financial position of Pallow plc at 31 August 2018:

(i) goodwill (2)

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(ii) retained earnings

(3)

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(iii) non-controlling interest

(2)

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(d) State **two** reasons why intra-group transactions are excluded from the consolidated financial statements.

(2)

1 .....

2 .....

(Total for Question 3 = 19 marks)

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(c) State **two** advantages for a company of making a rights issue of shares rather than a new issue of shares.

(2)

1 .....

2 .....

One of the implications of non-submission of financial statements to statutory bodies is that the directors will face a financial penalty.

(d) State **two other** implications.

(2)

1 .....

2 .....

(e) State **two** fundamental principles of professional ethics.

(2)

1 .....

2 .....

**(Total for Question 4 = 20 marks)**



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

**5** (a) Explain the reason why Jay plc have treated each situation as indicated.

- (i) On 15 October 2018 the directors of Jay plc were informed that a major customer had been declared bankrupt owing \$20 000

The directors have written off the amount in the statement of profit and loss for the year ended 30 September 2018.

(2)

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- (ii) The directors of Jay plc have declared a final dividend of \$0.10 per ordinary share relating to the financial year ended 30 September 2018.

The directors have not included this in the financial statements.

(2)

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- (iii) Jay plc is suing a competitor for copying one of its products. The directors have been advised that it is highly probable that they will win the case.

The directors have not included this in the financial statements at 30 September 2018.

(2)

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The directors of Jay plc have announced their intention to issue 5% preference shares of \$1 each.

(b) Explain **two** reasons why an ordinary shareholder would be correct to be concerned.

(4)

1

2

(c) Analyse the available data for Wye plc and Zed plc. Recommend, with justification, which company Myat should invest in.

(9)



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(Total for Question 5 = 19 marks)

**TOTAL FOR PAPER = 100 MARKS**

