Candidate 1 – Question 1

	A	B	C	D	E
1	Income Statement for Year Ended 31st Dec Year 5				
2					
3		£'000	£'000	£'000	
4	Gross Profit				131
5	Less Expenses:				
6	Wages			23	
7	Rates			12	
8	Heat and Light			16	
9	Dep on Equipment			8	
10	Dep of Delivery Vans			4	63
11					68
12	Add Income:				
13	Discounts			3	
14	Rent Received			20	
15	Decrease in Prov of Bad Debts			4	27
16					95
17	Add Interest on Drawings:				
18	Chapman			2	
19	Elrick			1	3
20					98
21	Less Appropriations:				
22	Less Interest on Equity				
23	Chapman		10		
24	Elrick		5	15	
25	Partnership Salary (Chapman)			23	38
26	Residual Profit				60
27					
28	Share of Profit:				
29	Chapman			40	
30	Elrick			20	60
31					
32	Current Account (Chapman)				
33		Dr	Cr	Balance	
34	Balance			10	10 Cr
35	Interest on Equity			10	20 Cr
36	Partnership Salary			23	43 Cr
37	Share of Profit			40	83 Cr
38	Drawings		50		33 Cr
39	Interest on Drawings		2		31 Cr
40					
41	Current Account (Elrick)				
42		Dr	Cr	Balance	
43	Balance		9		9 Dr
44	Interest on Equity			5	4 Dr
45	Share of Profit			20	16 Cr
46	Drawings		25		9 Dr
47	Interest on Drawings		1		10 Dr
48	Loan Interest		2		12 Dr

	A	B	C	D	E
1	Statement of Financial Position as at 31st Dec Year 3				
2		£'000	£'000	£'000	
3	Non-Current Assets	At Cost	DEPN	Book Value	
4	Property	190	10	200	
5	Equipment	80	19	61	1
6	Delivery Vans	32	16	16	
7				277	
8	Add Current Assets:				
9	Trade Receivables	40			
10	Heat and Light Receivable	2			
11	Cash and Cash Equivalents	62			
12	VAT	17			
13	Inventory	12	133		
14					
15	Less Current Liabilities:				
16	Trade Payables	30			
17	Wages Payable	3			
18	Rates Payable	3			
19	Finance Costs (Loan)	2			HLAE
20	Prov of Bad Debts	2			
21	Warehouse Expenses Payable	1	41		
22				92	
23				369	
24	Less Non-Current Liabilities:				
25	Loan			40	
26				329	
27	Financed By:				
28	Equity:				
29	Chapman			200	
30	Elrick			100	
31				300	
32	Revaulation Reserve:				
33	Property			10	
34				310	
35	Add Current Accounts				
36	Chapman		31		
37	Elrick		-12	19	
38				329	

13

(b) No Theory 0

0

31/40

Candidate 2 – Question 1

Income Statement for the year ended 31 December Year 3				
	£'000	£'000	£'000	
Gross Profit				131
Less: Expenses				
Wages			23	
Rates			12	
Heat and Light			16	
Depreciation of Equipment			16	
Depreciation of Delivery Vans			4	71
				60
Add: Other Income				
Rent Received			20	
Decrease in Provision for Bad Debts			4	
Discounts			3	27
Profit for the year				87
Add: Interest on Drawings				
Chapman			2	
Elrick			1	3
				90
Less: Appropriations				
Interest on Equity				
Chapman		10		
Elrick		5	15	
Partnership Salary - Chapman			23	38
Residual Profit				52
Share of Profit				
Chapman				35
Elrick				17

Current Account - Chapman				
Details	Dr	Cr	Balance	
Balance				10 cr
Share of Profit			35	45 cr
Interest on Equity			10	55 cr
Interest on Drawings		2		53 cr
Drawings		50		3 cr
Partnership Salary			23	26 cr

Current Account - Elrick				
Details	Dr	Cr	Balance	
Balance				9 dr
Share of Profit			17	8 cr
Interest on Equity			5	13 cr
Interest on Drawings		1		12 cr
Drawings		25		13 dr

Statement of Financial Position as at 31 December Year 3			
	£'000	£'000	£'000
Non-Current Assets	At Cost	DEPN	B.V
Property	190	-10	200
Equipment	80	27	53
Delivery Vans	32	16	16
			269
Add: Current Assets			
Closing Inventory		12	
VAT		17	
Cash and Cash Equivelents		62	
Trade Receivables	40		
Less: Provision for Bad Debts	2	38	
Other Receivables: Heat and Light		2	
		131	
Less: Current Liabilities			
Trade Payables	30		
Other Payables : Warehouse Expenses	1		
Rates	3		
Wages	3	37	94
			363
Less: Non-Current Liabilities			
Loan		40	
Finance Costs		2	42
			321
Financed By:			
Equity Accounts			
Chapman		200	
Elrick		100	300
Current Accounts			
Chapman		26	
Elrick		-13	13
			313
Revaluation:			
Property			10
			323

(2) BS

HLAE 0

14

(b) No theory

31/40

Candidate 3 – Question 1

Chapman And Elrick				
Income Statement for the year ended 31 December Year 3				
	£'000	£'000	£'000	
Gross Profit				131
Less Expenses				
Wages			23	
Rates			12	
Heat and Light			16	
Depreciation of Equipment			8	
Depreciation of Delivery Vans			4	63
				68
Add Other Income				
Rent Recived			20	
Decrease in Provsion for Doubtful Debts			4	
Discounts			3	27
				95
Add Interest on Drawings				
Champman			2	
Elrick			1	3
				98
Less Appropriations				
Interest On Equity				
Chapman			10	
Elrick			5	
Partnership Salary - Chapman			23	38
Residual Profit				60
Share Of Profit				
Chapman			40	
Elrick			20	60
Currrent Account - Chapman	Dr	Cr	Balance	
Balance				10 Dr
Share Of Profit			40	30 Cr
Interest omn Equity			10	40 Cr
Interest on Drawings		2		38 Cr
Drawings		50		12 Dr
Salary			23	35 Cr
Currrent Account - Elrick	Dr	Cr	Balance	
Balance				9 Cr
Share Of Profit			20	29 Cr
Interest on Equity			5	34 Cr
Interest on Drawings		1		33 Cr
Drawings		25		8 Cr
Loan Interest			2	10 Cr

Statement of Financial Position			
Non Current Assets	At Cost	DEPN	Book Value
Property	190	-10	200
Equipment	80	27	53
Delivery Vans	32	16	16
			269
Add Current Assets			
Closing Inventory		14	
Trade Recievables	40		
Less Provision For Bad Debts	2	42	
Other Recievables		56	
Cash and Cash Equivlents	62		
VAT	17		
Heart and Light	2	81	
		137	
Less Current Liablities			
Trade Payables	30		
Warehouse Expenses	1		
Wages	3		
Rates	3	37	
			100
			369
Less Non Current Liablities			
Loan		40	
Finance Costs		2	42
			327
Financed By:			
Equity Accounts			
Chapman		200	
Elrick		100	300
Current Account			
Chapman		35	
Elrick		10	45
			345
Revaluation			
Property			10
			355

Candidate 1 – Question 2, Part A

Part A

2A 1 5

PRODUCTION BUDGET FOR 6 MONTHS MAY TO OCTOBER ✓

	May	Jun	Jul	Aug	Sep	Oct
Sales (units)	6,000	6,200	7,000	8,000	8,350	9,800
Less: Opening Inventory	1,200	1,240	1,400	1,600	1,670	1,960
	4,800	4,960	5,600	6,400	6,680	7,840
Add: Closing Inventory	1,240	1,400	1,600	1,670	1,960	2,020
Production (units)	6,040	6,360	7,200	8,070	8,640	9,860

1 2 1 (4)

CASH BUDGET FOR 3 MONTH JULY TO SEPTEMBER ✓

	Jul	Aug	Sep	
	£ ✓	£	£	
Opening Inventory	43,000	- 64,000	209,1	1
ADD: RECIEPTS ✓				
Cash Sales	70,000	80,000	83,500	2
Credit Sales - 1 Month	167,400 ✓	236,250 ✗	270,000 ✗	2
Credit Sales - 2 Months	58,800	60,760	68,600	4
Premises	5,000	1		
Shares		300,000	1	
TOTAL RECEIPTS	301,200	677,010	422,100	
LESS: PAYMENTS ✓				
Materials	161,400	172,800	197,200	2
Labour	129,600	145,260	155,520	2
Variable Overheads - 1 Month	48,000	53,800	57,600	2
Varibale Overheads- 2 Months	21,200	24,000	26,900	2
Fixed Overheads	8,000	8,000	8,000	0
Machinery (deposit)	40,000	1		
Machinery (instalments)			45,000	1
TOTAL PAYMENTS	408,200	403,860	490,220	
Closing Balance ✓	- 64,000	209,150	141,030	

HLO

21

25

Candidate 2 – Question 2, Part A

2A

	A	B	C	D	E	F	G	H
1		CRAWFORD PLC						
2	a)	PRODUCTION BUDGET	May	Jun	Jul	Aug	Sep	Oct
3		Sales	6,000	6,200	7,000	8,000	8,350	9,800
4		Less: Opening Inventory		1,240	1,400	1,600	1,670	1,960
5			6,000	7,440	8,400	9,600	10,020	11,760
6		ADD: Closing Inventory	1,240	1,400	1,600	1,670	1,960	2,020
7		Production	4,760	6,040	6,800	7,930	8,060	9,740
8								
9	b)	CASH BUDGET FOR 3 MONTHS JUL - SEP						
10			Jul	Aug	Sep			
11		Opening Balance	43,000	44,863	-123,120			
12								
13		ADD: Reciepts						
14		Cash sales	70,000	80,000	83,500			
15		Credit sales 1 month	216,000	225,450	264,600			
16		Credit sales 2 months	81,830	96,040	98,980			
17								
18		TOTAL RECIEPTS	367,830	401,490	447,080			
19								
20		LESS: Payments						
21		Materials	120,800	136,000	158,600			
22		Labour	122,400	142,740	145,080			
23		Variable Overheads Same Month	45,333	52,867	53,733			
24		Variable Overheads 1 Month	26,433	26,867	32,467			
25		Fixed Overheads	6,000	6,000	6,000			
26		Annual Rent	5,000	5,000	5,000			
27		Machinery	40,000		45,000			
28		Shares repaid		200,000				
29								
30		Total Payments	365,967	569,473	445,880			
31								
32		Closing Balance	44,863	-123,120	-121,920			

HLEA 0

10

12

Candidate 3 – Question 2, Part A

2A 3

Cash budget for crawford plc from may to novmeber

	May	June	July	August	September	October
	6000	6200	7000	8000	8350	9800
add opening inventory	7200	6000	6200	7000	8000	8350
	13200	12200	13200	15000	16350	18150
Less closing inventory	1240	1400	1600	1670	1960	2020
Production	11960	10800	11600	13330	14390	16130

Heading

	July	Aug	Sep
	£	£	£
Opening balance	43000	-307,480	-599,511
Add income			
Credit sales	189000	216000	225450
credit sales 2	52920	54684	61740
shares sold		100000	
	284920	370684	287190
Less expneses			
materials	266600	287800	322600
labour	208800	239940	259020
variable overhead	114,000	128975	141250
fixed overeads	6000	6000	6000
rental			5000
new machinery deposit	40000		45000
total expenses	635,400	662715	778870
closing balance	-307,480	-599,511	-1,091,191

HL 0

2 1c

8

10

Candidate 1 – Question 2, Part B

	A	B	C	D	E	F	G	H	I	J
1	DUFFUS CHEMICALS PLC									
2	Process Costing									
3	Details		Input			Outputs			Balance	
4		Qty (kg)	CPU (£)	Value (£)	Kg	£	£	Kg	£	£
5	transfer from process 1	1,000	5.00	5,000				1,000	5.00	5,000
6	Materials	2,000	3.00	6,000				3,000	3.67	11,000
7	Labour			6,000						17,000
8	Variable Overheads			1,000						18,000
9	Fixed overheads			4,925						22,925
10	Closing WIP				500	5.00	2,500	2,500	8.17	20,425
11	Normal loss - Scrap				125	3.00	375	2,375	8.44	20,050
12	Trasfer to Process 3				2,300	3.44	19,417	75	8.44	633
13	Abnormal loss				75	8.44	633	-	-	-
14										
15	ABNORMAL LOSS ACCOUNT									
16	Details		Input			Outputs			Balance	
17		Qty (kg)	CPU (£)	Value (£)	Kg	£	£	Kg	£	£
18	Abnormal Loss	75	8.44	633				75	8.44	633
19	Cash and Cash Equivilants				75	3.00	225	-	-	408
20	Income statement (Expences)						408	-	-	-

Candidate 2 – Question 2, Part B

2B

Heading

	input			output			balance		
	kg	cpu	value	kg	cpu	value	kg	cpu	value
transfer from process one	1000	5	5000				1000	5	5000
Materials	2000	3	6000				3000	3.67	11000
labour			1833.33						12833.33
variable overhead			1000				4000	3.46	13833.33
good output transferred to process 3				2300	3.46	7954.17			
							1700		5879.17
Closing work in progress				500	5	2500	1200	2.82	3379.17
labour rate			6000						9379.17
fixed overheads			4925						14304.17
normal loss				200	3	600	1000	14.30	14304.17

2

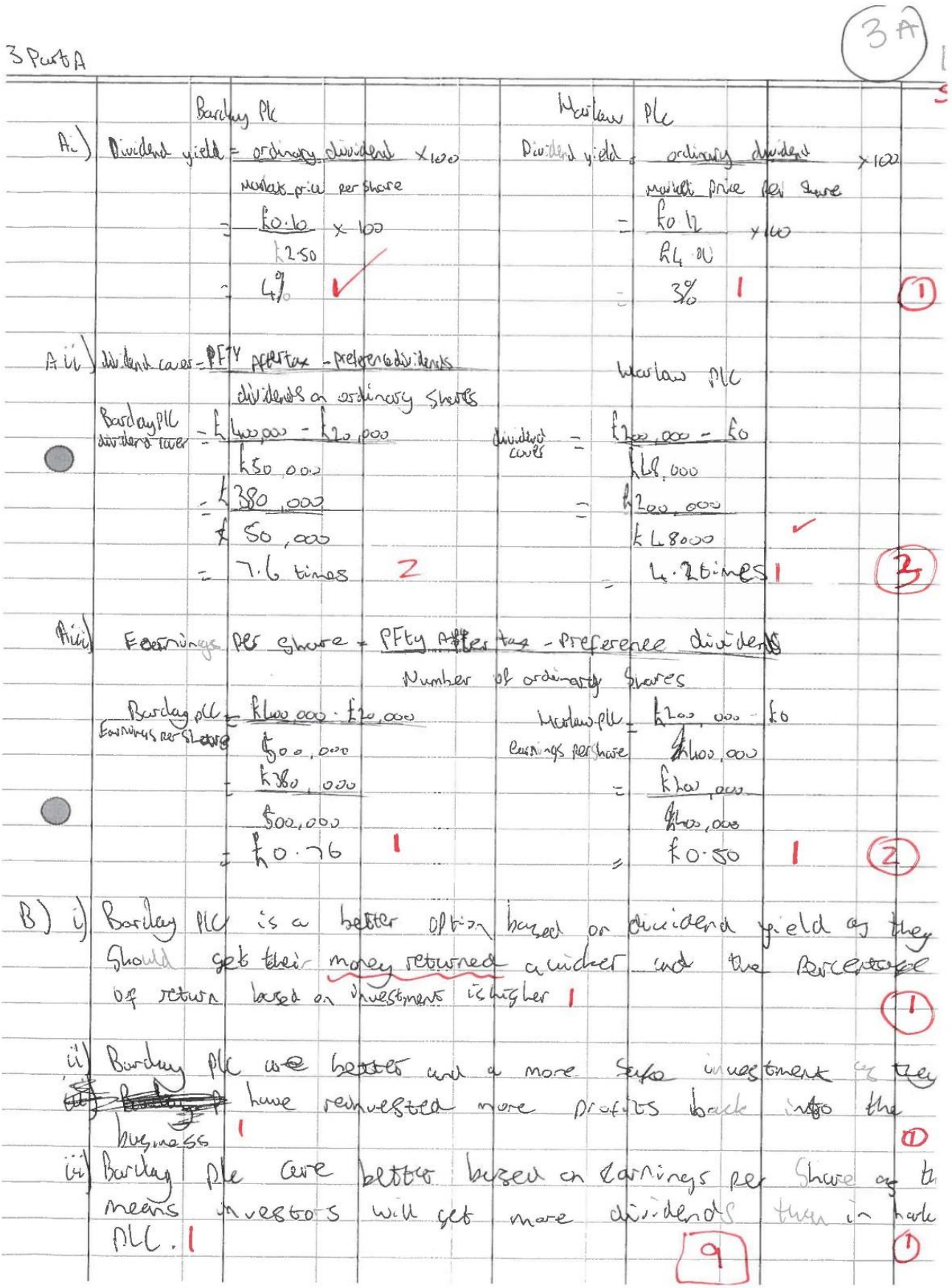
Candidate 3 – Question 2, Part B

2B 3

2. Part B									
Process Cost for Duffus Chemical plc									
	Input			Output			Balance		
	Qty	CPU	Val	Qty	CPU	Val	Qty	CPU	Val
Transfer from process 1	1000	5	5000				1000	5	5000
Materials	2000	3	6000				3000	8	11000
Labour			6000						17000
VaRIABE Output			1000						18000
Fixed overheads			4925						22925
Closing work in progress				500		2500	2500	8.17	20425
Transfer to Process 3				2300	8.17	18791	200	8.17	1634
Normal Loss				150	3	450	50	8.17	1184
Abnormal loss				50	8.17	1184	0	0	0
Abnormal Loss Account	Input			Output			Balance		
	Qty	CPU	Val	Qty	CPU	Val	Qty	CPU	Val
Transfer from Process 2	50	8.17	1184				50	8.17	1184
Cash and cash equivalents				50	3	150	0		1034
Income statement (Expenses)									1034

6

Candidate 1 – Question 3, Part A



3 Part A

3A

Barclay Plc

A i) Dividend yield = ordinary dividend / market price per share x 100

= £0.10 / £2.50 x 100

= 4% ✓

Marlaw Plc

Dividend yield = ordinary dividend / market price per share x 100

= £0.12 / £4.00 x 100

= 3% 1 (1)

A ii) Dividend cover = PFTY after tax - preference dividends / dividends on ordinary shares

Barclay Plc dividend cover = £400,000 - £20,000 / £50,000

= £380,000 / £50,000

= 7.6 times 2

Marlaw Plc

Dividend cover = £200,000 - £0 / £48,000

= £200,000 / £48,000 ✓

= 4.2 times 1 (3)

A iii) Earnings per share = PFTY after tax - Preference dividends / Number of ordinary shares

Barclay plc earnings per share = £400,000 - £20,000 / £500,000

= £380,000 / £500,000

= £0.76 1

Marlaw plc earnings per share = £200,000 - £0 / £400,000

= £200,000 / £400,000

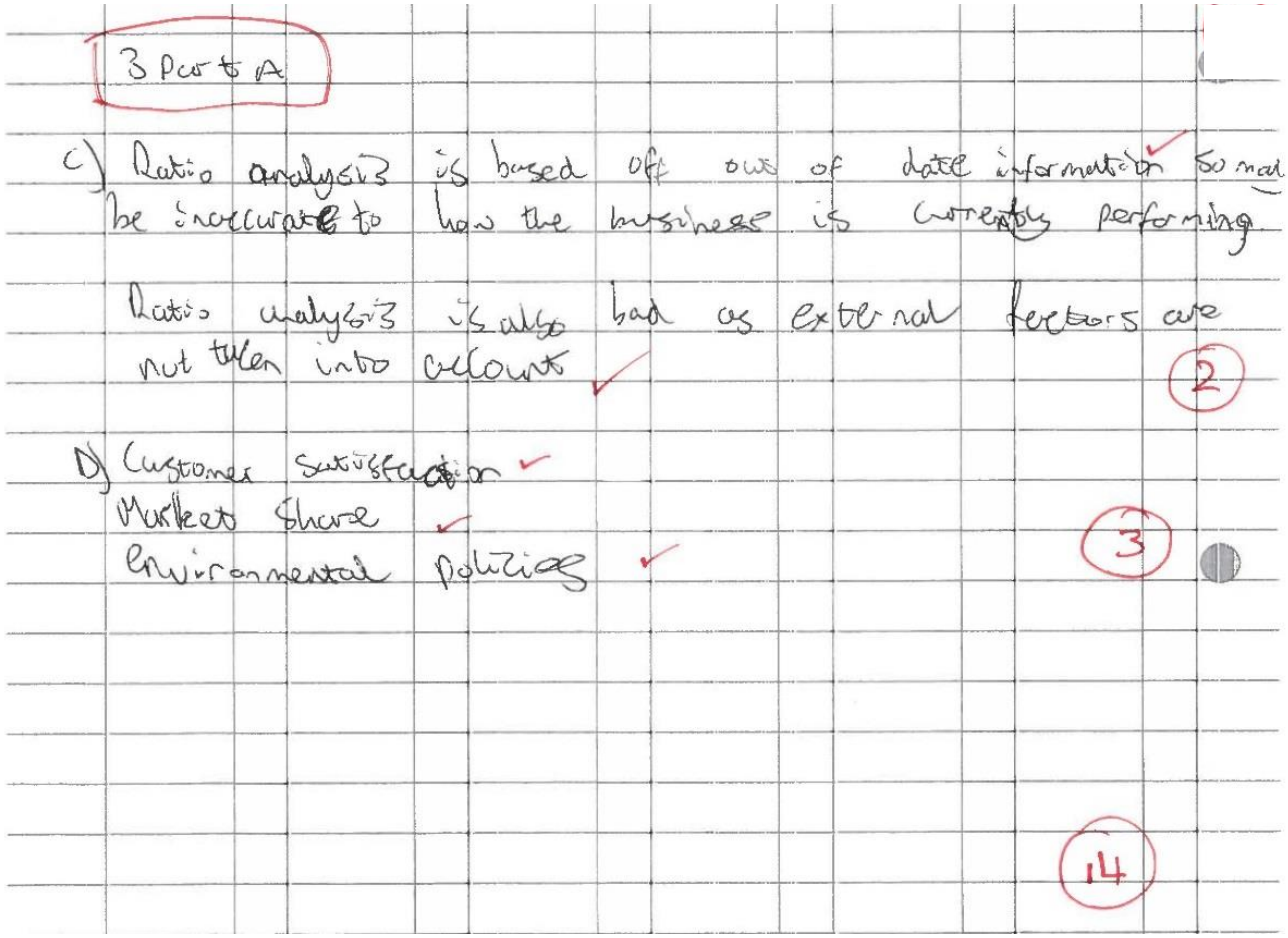
= £0.50 1 (2)

B) i) Barclay Plc is a better option based on dividend yield as they should get their money returned quicker and the percentage of return based on investment is higher 1 (1)

ii) Barclay Plc are better and a more safe investment as they have reinvested more profits back into the business 1 (1)

iii) Barclay Plc are better based on earnings per share as this means investors will get more dividends than in Marlaw PLC. 1 (1)

9



3 Part A

c) Ratio analysis is based off out of date information so may be inaccurate to how the business is currently performing ✓

Ratio analysis is also bad as external factors are not taken into account ✓

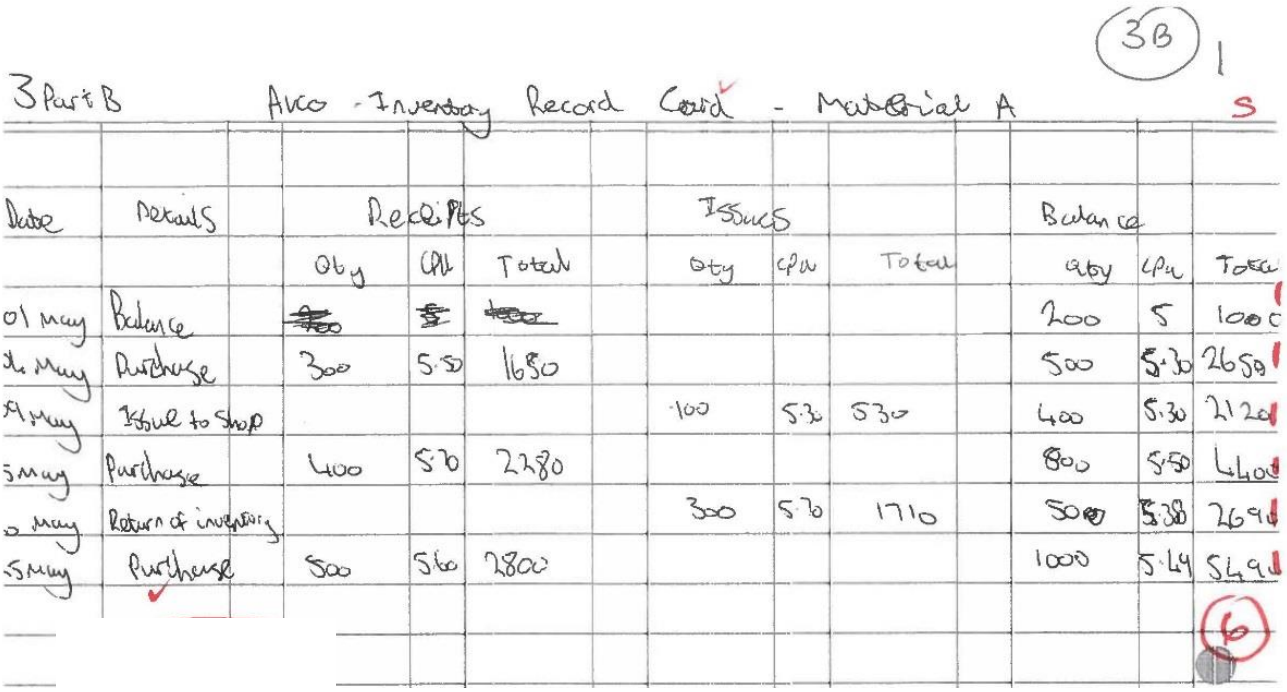
2

d) Customer satisfaction ✓
Market Share ✓
Environmental policies ✓

3

14

Candidate 1 – Question 3, Part B



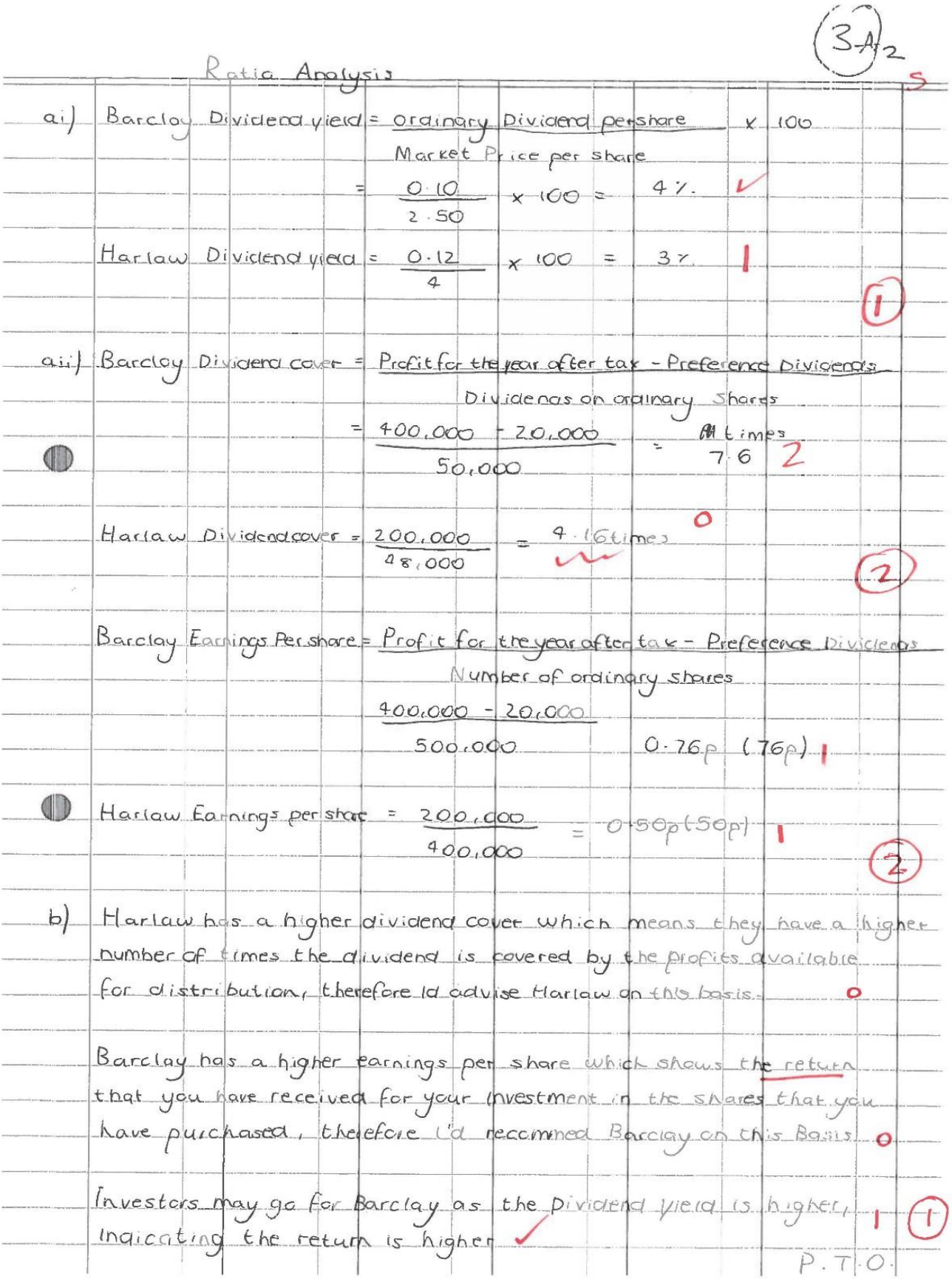
3B

3 Part B Alco - Inventory Record Card - Material A

Date	Details	Receipts			Issues			Balance		
		Qty	CPU	Total	Qty	CPU	Total	Qty	CPU	Total
01 May	Balance	~~400~~	~~5~~	~~400~~				200	5	1000
4 May	Purchase	300	5.50	1650				500	5.30	2650
4 May	Issue to Shop				100	5.30	530	400	5.30	2120
5 May	Purchase	400	5.50	2280				800	5.50	4400
6 May	Return of inventory				300	5.70	1710	500	5.38	2690
5 May	Purchase	500	5.60	2800				1000	5.49	5490

6

Candidate 2 – Question 3, Part A



3A 2

Ratio Analysis

ai) Barclay Dividend yield = $\frac{\text{Ordinary Dividend per share}}{\text{Market Price per share}} \times 100$

$= \frac{0.10}{2.50} \times 100 = 4\%$ ✓

Harlaw Dividend yield = $\frac{0.12}{4} \times 100 = 3\%$ 1

1

aii) Barclay Dividend cover = $\frac{\text{Profit for the year after tax - Preference Dividends}}{\text{Dividends on ordinary shares}}$

$= \frac{400,000 - 20,000}{50,000} = 7.6$ times 2

Harlaw Dividend cover = $\frac{200,000}{48,000} = 4.16$ times 0

2

Barclay Earnings Per share = $\frac{\text{Profit for the year after tax - Preference Dividends}}{\text{Number of ordinary shares}}$

$\frac{400,000 - 20,000}{500,000}$ 0.76p (76p) 1

Harlaw Earnings per share = $\frac{200,000}{400,000} = 0.50p\ (50p)$ 1

2

b) Harlaw has a higher dividend cover which means they have a higher number of times the dividend is covered by the profits available for distribution, therefore Id advise Harlaw on this basis. 0

Barclay has a higher earnings per share which shows the return that you have received for your investment in the shares that you have purchased, therefore I'd recommend Barclay on this Basis. 0

Investors may go for Barclay as the dividend yield is higher, indicating the return is higher ✓ 1

1

P.T.O.

c) Information on ratios is historical which means it is out of date and may not be relevant

External Factors are not taken into account

2

d) Employee Relations

How the business treats the environment as people will not want to invest if they operate unethically and receive bad press.

If customers are satisfied with their business

3

11

Candidate 2 – Question 3, Part B

Part B

3B 2

Avco for May X

Date	Receipts			Issues			Balance		
	Kg	cpu	Total	Kg	cpu	Total	Kg	cpu	Total
1 May							200	5	1000
4 May	300	5·5	1650				500	5·30	2650
9 May				100	5·3	530	400	5·30	2120
15 May X	400	5·70	2280				800	5·50	4400
20 May				300	5·70	1710	500	5·38	2690
25 May	500	5·60	2800				1000	5·495	4990

1 1 1 1 1

5

Candidate 3 – Question 3, Part B

3B 3

INVENTORY RECORD CARD - AVCO

DATE	DETAILS	RECEIPTS			ISSUES			BALANCE			
		Qty	Price	Value	Qty	Price	Value	Qty	Price	Value	
04-May	Purchases	300	£5.50	£1,650				300	£5.50	£1,650	1c
09-May	Issues				100	£5.50	£550	200	£5.50	£1,100	1c
15-May	Purchases	400	£5.70	£2,280				600	£5.63	£3,380	1c
20-May	Returns				300	£5.63	£1,690	300	£5.63	£1,690	x
25-May	Purchases	500	£5.60	£2,800				800	£5.61	£4,490	1c

4

4 ✓ 5

Investment Appraisal - Garioch Enterprises

a) Depreciation for A = (320,000 - 100,000) ÷ 5 = 44,000 ✓
Depreciation for B = (325,000 - 175,000) ÷ 5 = 30,000 ✓

A

	Cash Inflow	Depreciation	Profit
year 1	70,000	44,000	26,000
year 2	79,000	44,000	35,000
year 3	74,000	44,000	30,000
year 4	62,000	44,000	18,000
year 5	45,000	44,000	1,000
			£110,000

✓

Average Profit = Total Profit / No of years

= 110,000 / 5 = £22,000 ✓

B

	Cash Inflow	Depreciation	Profit
year 1	94,000	30,000	64,000
year 2	85,000	30,000	25,000
year 3	79,000	30,000	49,000
year 4	68,000	30,000	38,000
year 5	40,000	30,000	10,000
			£186,000

X

a

5

Average Profit = Total Profit / No of years

= 186,000 / 5 = £37,200 1c

b.i) ARR - A - Average Profit / original investment × 100

22,000 / 320,000 × 100 = 6.88% ✓

ARR - B - 37,200 / 325,000 × 100 = 11.45% 1c

4

Candidate 1 – Question 4

(4) 1s

bii) Payback for A = $\frac{35,000}{45,000}$ x 365 = 4years and 284days 3

Payback for B - $\frac{67,000}{68,000}$ x 365 = 3years and 360 days 3

(6)

ci) An advantage of Accounting rate of return is that it is easy to understand and simple to calculate ✓

However, a disadvantage is that it ignores the timing of cash inflows and outflows ✓

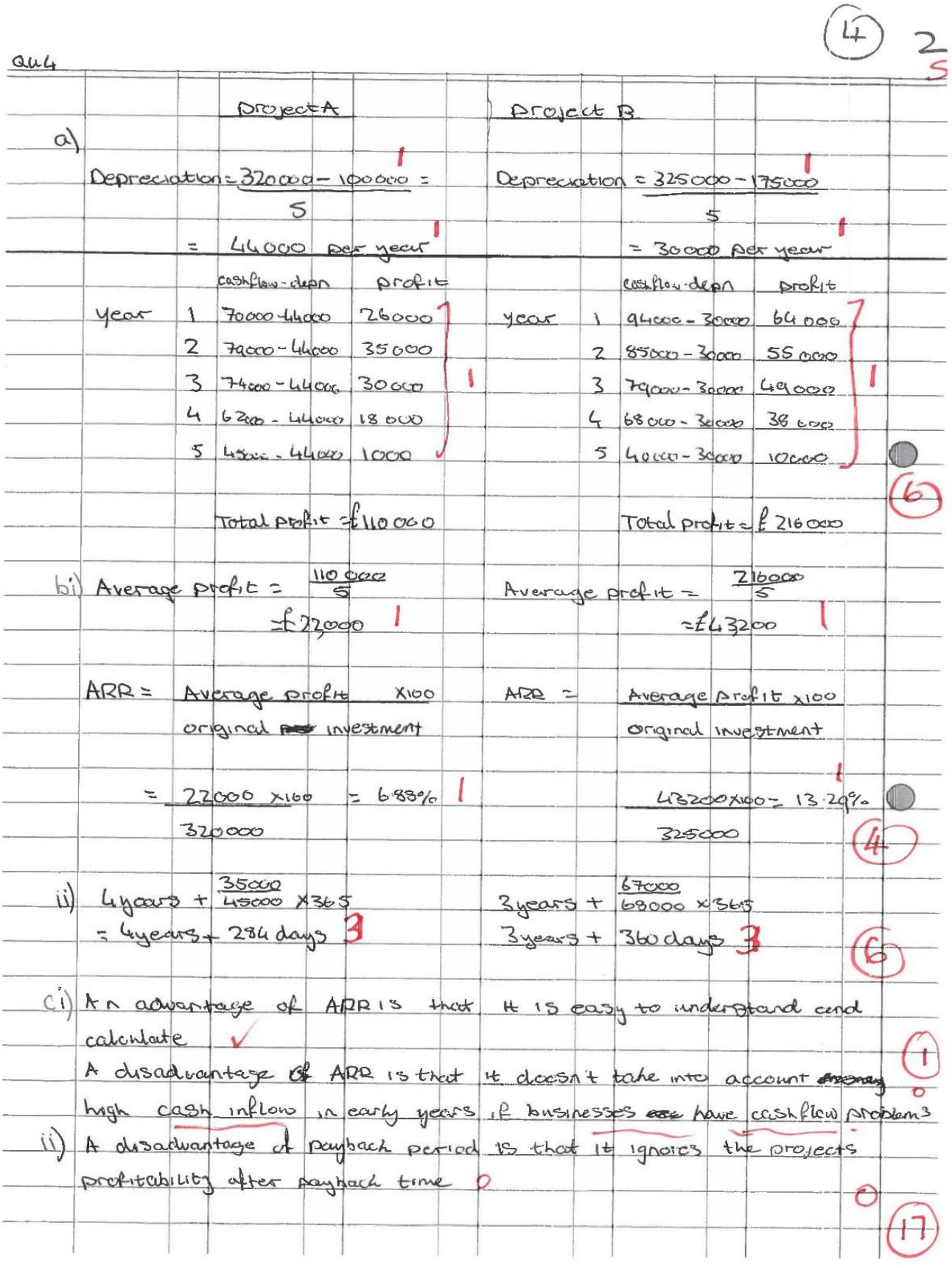
An advantage of the payback period is that it may encourage growth, by favouring projects providing a quick return. ✓

However it ignores profitability. ✓

4

19

Candidate 2 – Question 4



Qu4

(4) 2 S

	Project A	Project B
a)	Depreciation = 320000 − 100000 / 5 = 44000 per year ✓	Depreciation = 325000 − 175000 / 5 = 30000 per year ✓
	cashflow − depn = profit	cashflow − depn = profit
year 1	70000 − 44000 = 26000	year 1: 94000 − 30000 = 64000
2	79000 − 44000 = 35000	2: 85000 − 30000 = 55000
3	74000 − 44000 = 30000	3: 79000 − 30000 = 49000
4	62000 − 44000 = 18000	4: 68000 − 30000 = 38000
5	45000 − 44000 = 1000	5: 40000 − 30000 = 10000 ✓
	Total profit = £110000	Total profit = £216000
	(6)	
bi)	Average profit = 110000 / 5 = £22000 ✓	Average profit = 216000 / 5 = £43200 ✓
	ARR = Average profit / original investment x100	ARR = Average profit / original investment x100
	= 22000 / 320000 x100 = 6.88% ✓	43200 / 325000 x100 = 13.29% ✓
	(4)	
ii)	4 years + 35000 / 45000 x365 = 4 years + 284 days 3	3 years + 67000 / 68000 x365 = 3 years + 360 days 3
	(6)	
ci)	An advantage of ARR is that it is easy to understand and calculate ✓	
	A disadvantage of ARR is that it doesn't take into account ~~money~~ high cash inflow in early years if businesses ~~are~~ have cashflow problems	(1)
ii)	A disadvantage of payback period is that it ignores the projects profitability after payback time ✓	
	(17)	