Candidate 1 – Question 1 Part A

(a) (i) £40,000 ÷ 2000 = £20 ✓2

(ii) £16,000 ÷ 2000 = 8 ✓2

(iii) £20 - £8 = £16 ✓1

(iv) 70,000 - 16,000 = 54,000 ÷ 2000 = £27 0

(v) $\frac{54,000}{16}$ = £3,375 ✓1

(b) 8,000 - 3,375 = 4,625 × 16 ✓2 0 = £74,000

(c) 10,000 × 16 = 160,000 ✓2 - 54,000 ✓1 = £106,000

(d) 90,000 ÷ 16 = 5625 ✓2 - 3375 0 = 2,250 units

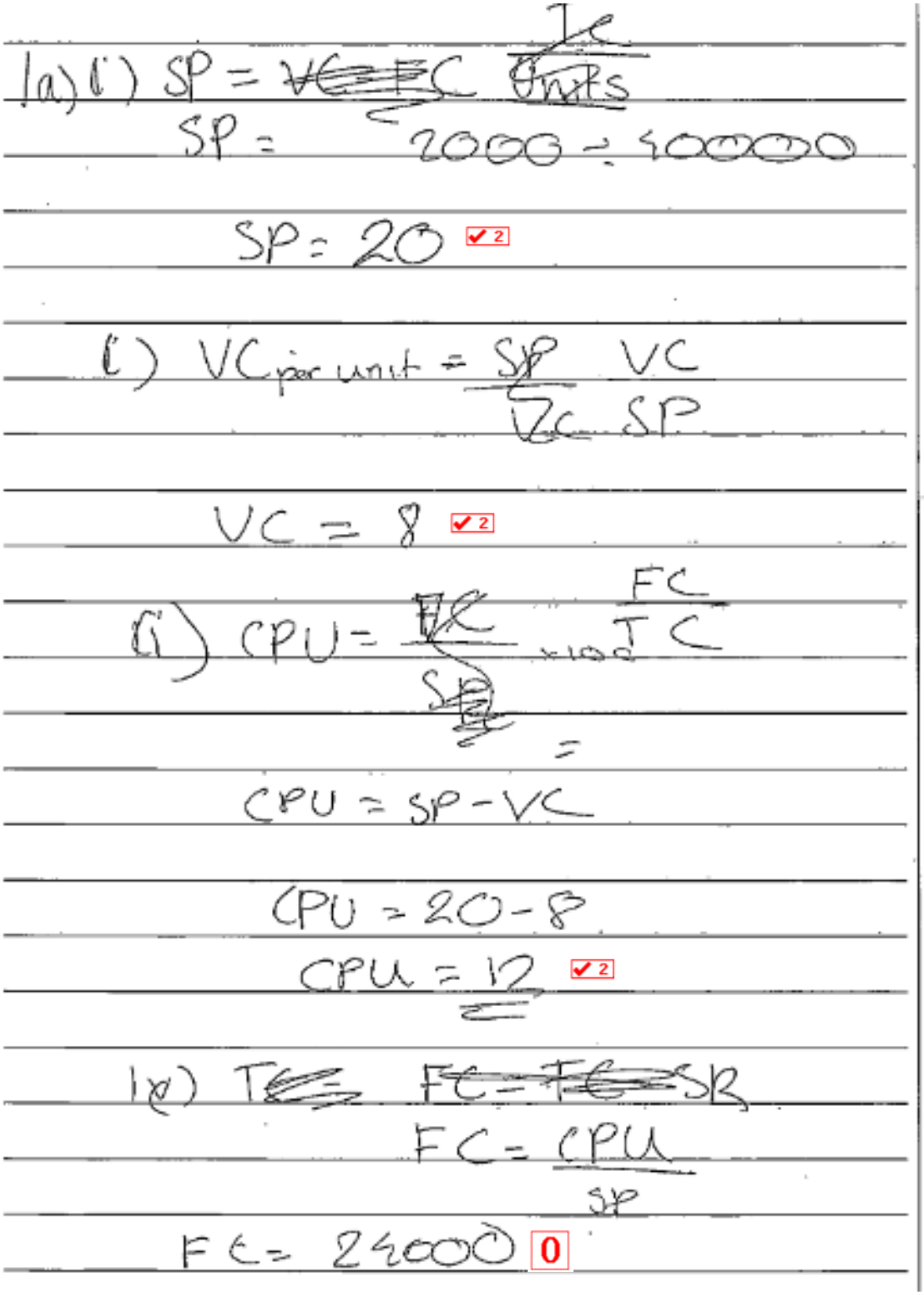
(e) SP = £24 ✓1 FC = 54,000 × 5% = 27,000 0
VC = £10 ✓1 + 54,000
81,000 C

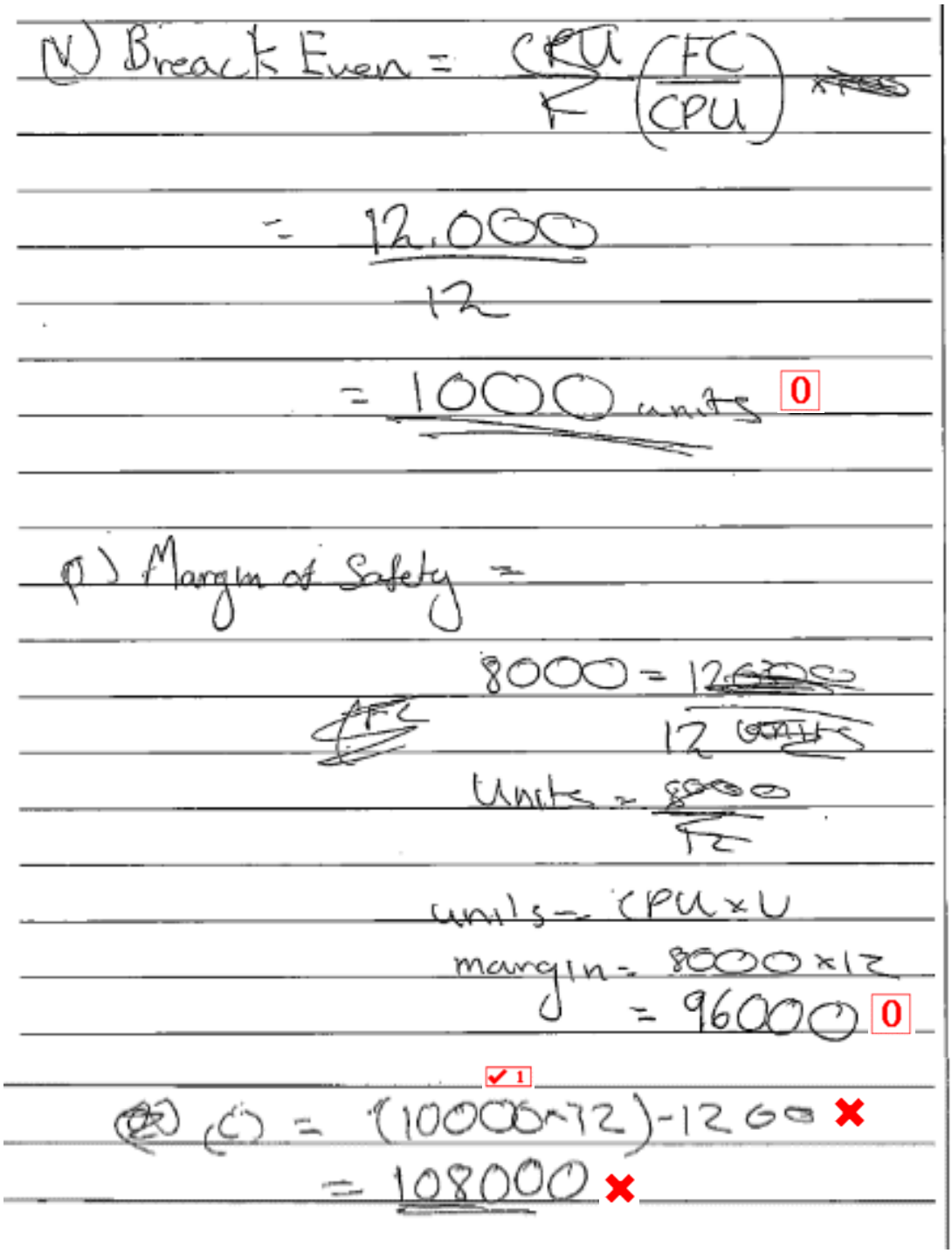
$\frac{81,000}{14}$ = 5786 units C

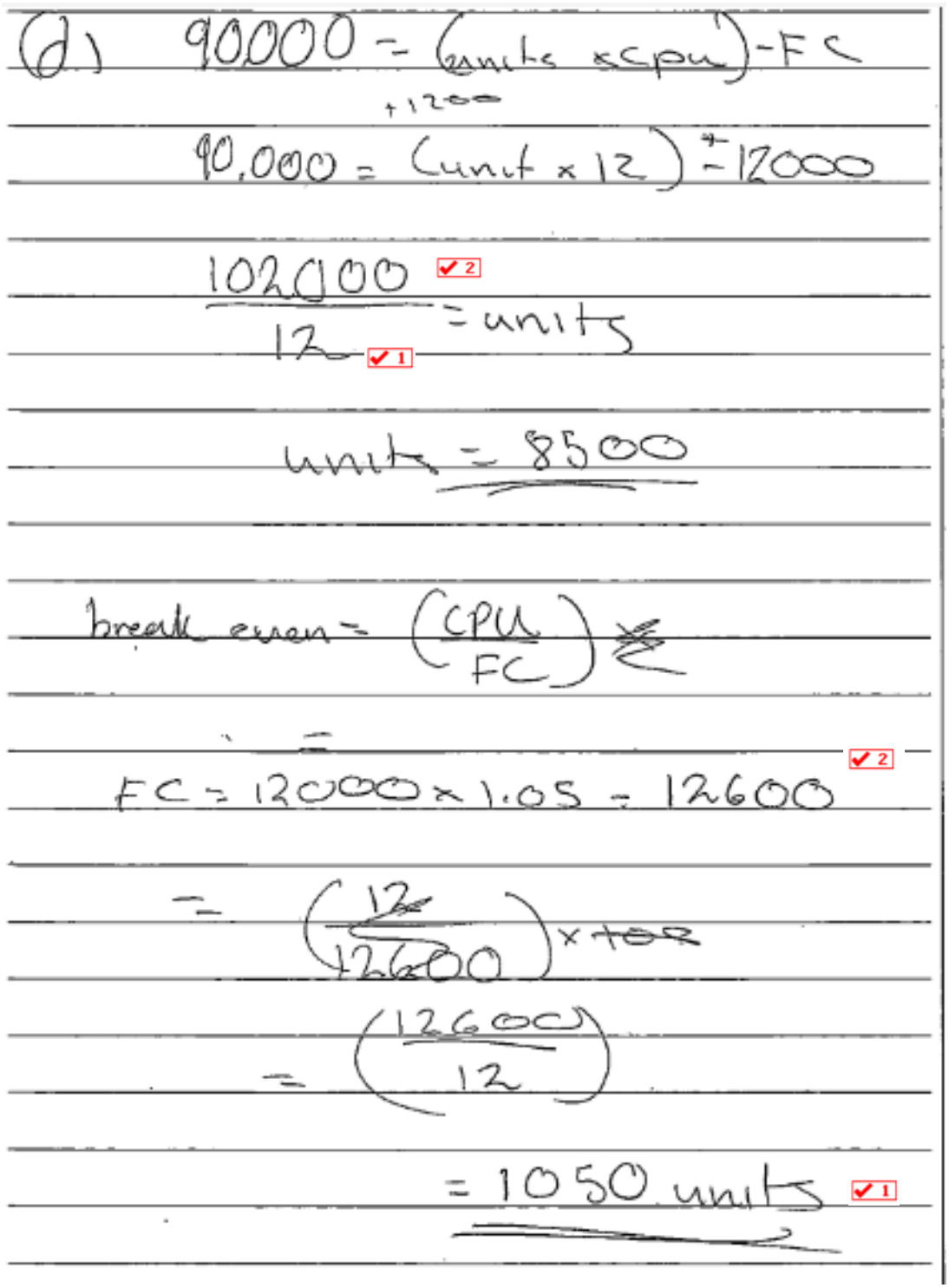
Change = 2411 C

18/25

Candidate 2 – Question 1 Part A




(N) Breack Even = CPU / (FC / CPU)
= 12,000 / 12
= 1000 units 0
(p) Margin of Safety =
8000 = 12
12
Units = 8000 / 12
units = CPU x U
margin = 8000 x 12
= 96000 0
✓1
(C) = (10000-12)-1260 ✗
= 108000 ✗


(d) 90000 = (units x cpu) - FC
+12000
90,000 = (unit x 12) + 12000
102000 ✓2
12 ✓1 = units
units = 8500
break even = (CPU / FC)
✓2
FC = 12000 x 1.05 = 12600
= (12 / 12600) x tot
= (12600 / 12)
= 1050 units ✓1

13/25

Candidate 1 – Question 2 Part A

Gross Profit Ratio

$\frac{56,000}{250,000} \times 100 = 0.224 \times 100 = 22.4\%$ ✔1

Profit for the Year Ratio

$\frac{31,000}{250,000} \times 100 = 12.4\%$ ✔1

Current Ratio

$\frac{47,000}{22,000} = 2.35$ ✔1

Return on Equity Employed

$\frac{31,000}{180,000} = 17.20\%$ 0

Trade Receivables Collection Period (in days)

$\frac{7,000}{180,000}$ 0 $\times 365 = 14.19$

$= 15$ days C

Rate of Inventory Turnover

$\frac{250,000 - 5600}{24250} = \frac{244,400}{24250}$ 0 ✔1 $= 10.07$ times 0

Expenses Ratio

$\frac{25,000}{250,000}$ ✔1 $= 10\%$ ✔1

Purchases

$244,400 - 22,500$ ✔1 $+ 26,000$ ✔1 $= 248,400$ 0

Trade Payables Payment Period (in days)

$\frac{15,000}{248,400} \times 365 = 22$ days ✔1

0 labels

(c) PFY is higher as Spinelli may have higher expenses ✔1
Current ratio is higher due to more current assets 0
Return on Equity is lower as they have higher expenses 0
Collection period higher as Betrillo wants to keep customers and give them time to pay. ✔1
For Inventory turnover, Betrillo holds less inventory. 0

12/23

Candidate 2 – Question 2, Part A

Gross Profit Ratio

$\frac{\text{Gross profit}}{\text{Sales revenue}} \times 100 = \_\_ \%$

$\frac{56\,000}{250\,000} \times 100 = 22{\cdot}40\%$ ✓1

Profit for the Year Ratio

$\frac{\text{Profit for year}}{\text{Sales revenue}} \times 100 = \_\_ \%$

$\frac{31,000}{250,000} \times 100 = 12{\cdot}40\%$ ✓1

Current Ratio

Current Asset : Current liabilities

47,000 : 20 000

2.35 : 1 ✓1

Return on Equity Employed

$\frac{\text{Profit for year}}{\text{Opening equity}} \times 100 = \_\_ \%$

$\frac{31,000}{180\,000} \times 100 = 17{\cdot}22\%$ ✓1 2/2

Trade Receivables Collection Period (in days)

$\frac{\text{Av Trade receivables}}{\text{Credit Purchases}} \times 365 = \_\_ \text{days}$

$\frac{7000}{(250\,000 - 5000)} \times 365 = 13{\cdot}17 \text{ days}$ ✓1 2/2

0

Rate of Inventory Turnover

$\frac{\text{Cost of Sales}}{\text{AV Inventory}} = \_\_ \text{ times}$

$\frac{(22\,500 + 26\,000)}{2} = 24\,250$

$\frac{(250\,000 - 56\,000)}{24\,250}$

$= \frac{194\,000}{24\,250}$ ✓1 ✓1 ✓1 $= 8 \text{ times}$ ✓1

Expenses Ratio

$\frac{\text{Expenses}}{\text{Sales revenue}} \times 100 = \_\_ \%$

$\frac{(56\,000 - 31\,000)}{250\,000}$

$\frac{25\,000}{250\,000}$ ✓1 $= 0{\cdot}1\ \%$ 0

Purchases

30,000 0

Trade Payables Payment Period (in days)

$\frac{\text{AV Trade Payables}}{\text{Credit Purchases}} \times 100 = \_\_ \text{days}$

$\frac{15\,000}{30\,000} \times 100 = 50 \text{ days}$

0

Labels ✓1

Question 2 PART A (continued)

c) Profit for year ratio Was higher % because More Profit at end of year 0

Current ratio was lower due to Current assets being less ✔1

Return on equity Employed Was higher maybe More profit at end of year ✔1

trade receivables Collection period Was More than credit purchases Was More 0

rate of Inventory turn over Was more than Average Inventory Was less ✔1

d) advantage of Selling on Credit basis is don't have to deal with money in and out 0
a disadvantage may need to wait 30 days or more to Come in ✔1

14/23

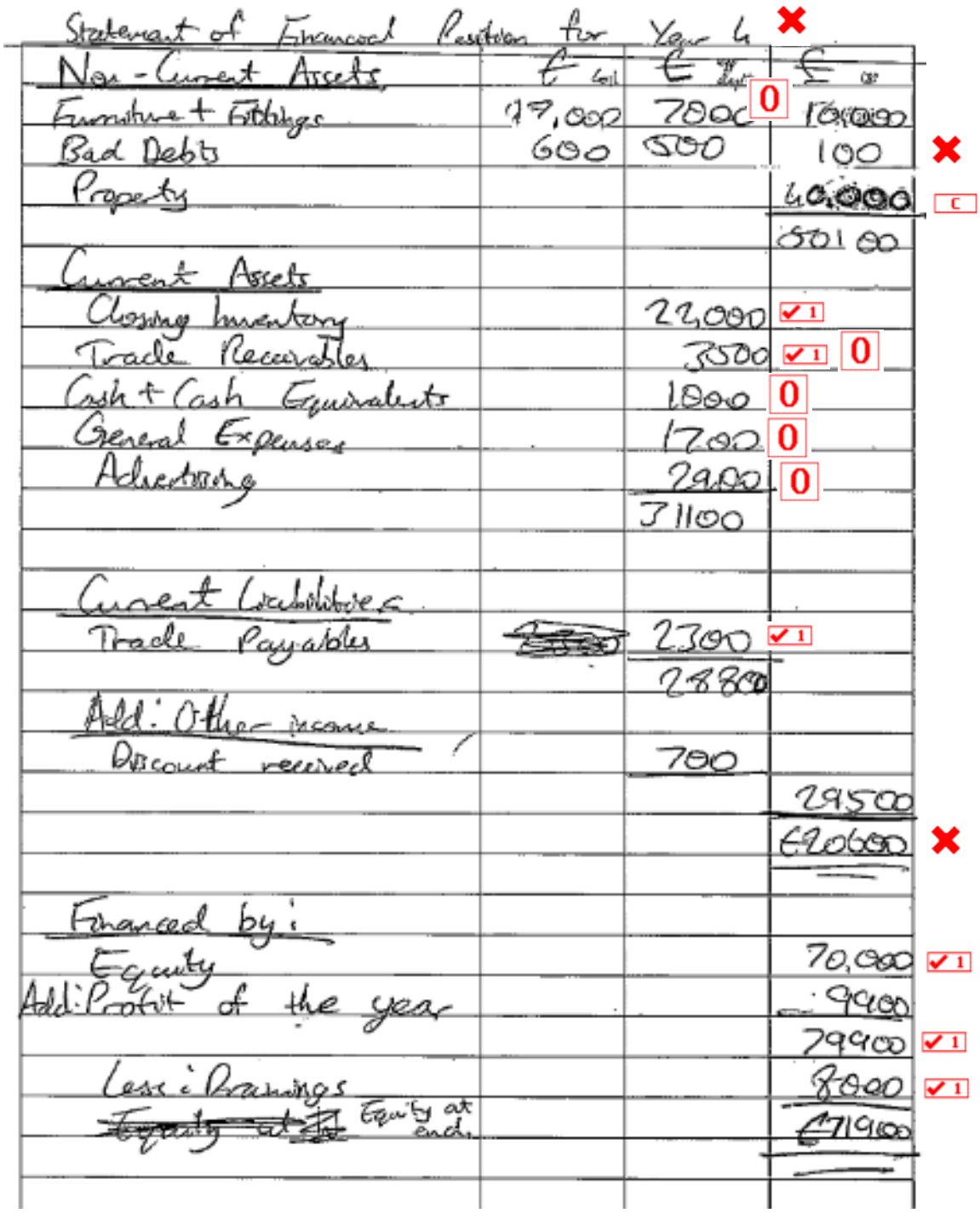
Candidate 1 – Question 3

Statement of Financial Position as at 31 December Year 4

	£	£	£
Non Current Assets			
		0	40,000
Property	17,000	7,000	10,000 C
Furniture + Fittings			
			50,000
Current Assets			
Closing Balance		22,000 0	
Trade Receivables		3,500 ✓1	
Provision for Bad Debts		500 ✓1	
Advertising		2900 0	
		27,900	
Current Liabilities			
Trade Payables	2,300 ✓1		
Overdraft	1,000 ✓1		
General Expenses	300 0		
		3,500 ✗	
			24,400
Working Equity ✗			74,400
Financed By:			
Equity			70,000 ✓1
+ P FY			8,400 0
less Drawings			(8,000) ✓1
Bad Debts			600 ✗
Balancing			71,500

Layout 0 Extraneous 0 Arithmetic 0 7/15

Candidate 2 – Question 3



Statement of Financial Position for Year 4

	£	£	£
Non-Current Assets			
Furniture + Fittings	17,000	7000	10,000
Bad Debts	600	500	100
Property			40,000
			50100
Current Assets			
Closing Inventory		22,000	
Trade Receivables		3500	
Cash + Cash Equivalents		1000	
General Expenses		1700	
Advertising		2900	
		31100	
Current Liabilities			
Trade Payables		2300	
		28800	
Add: Other income			
Discount received		700	
			29500
			£79600
Financed by:			
Equity			70,000
Add: Profit of the year			9400
			79400
Less: Drawings			8000
Equity at end.			£71400

Layout 0 Extraneous 0 Arithmetic 0

7/15

Candidate 1 - Question 4

(a) X: 8000 units x 4 hrs = 32000 labour hrs ✓1

Y: 8000 units x 6 hrs = 48,000 labour hrs. ✓1

Total labour hours: 48,000 hrs + 32000 hrs

: 80,000 labour hours ✓1

(b)

X: £40 ÷ 4 hrs : £10.00 ✓1

Y: £54 ÷ 6hrs = £9.00 ✓1

(c) 80000 labours hours x 1.15

= 92,000 labour hours 0

(d) Product X this is because the contribution is higher than product Y. 0

(e) 0

C 92000 ÷ £40

= 2300 units.

(a) i) Fixed costs never change - they always stay the same 0

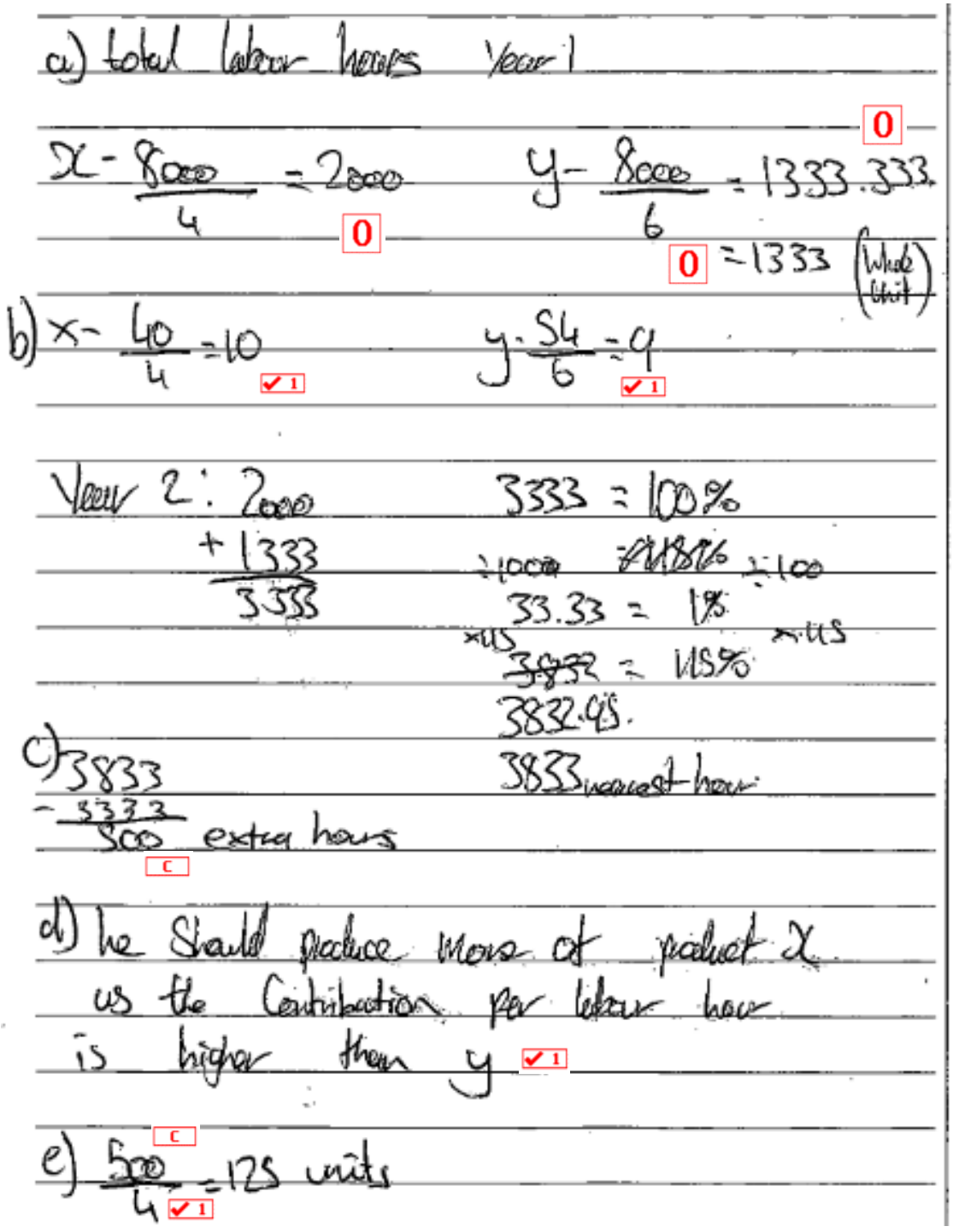
ii) Indirect costs cannot directly have variation in output 0

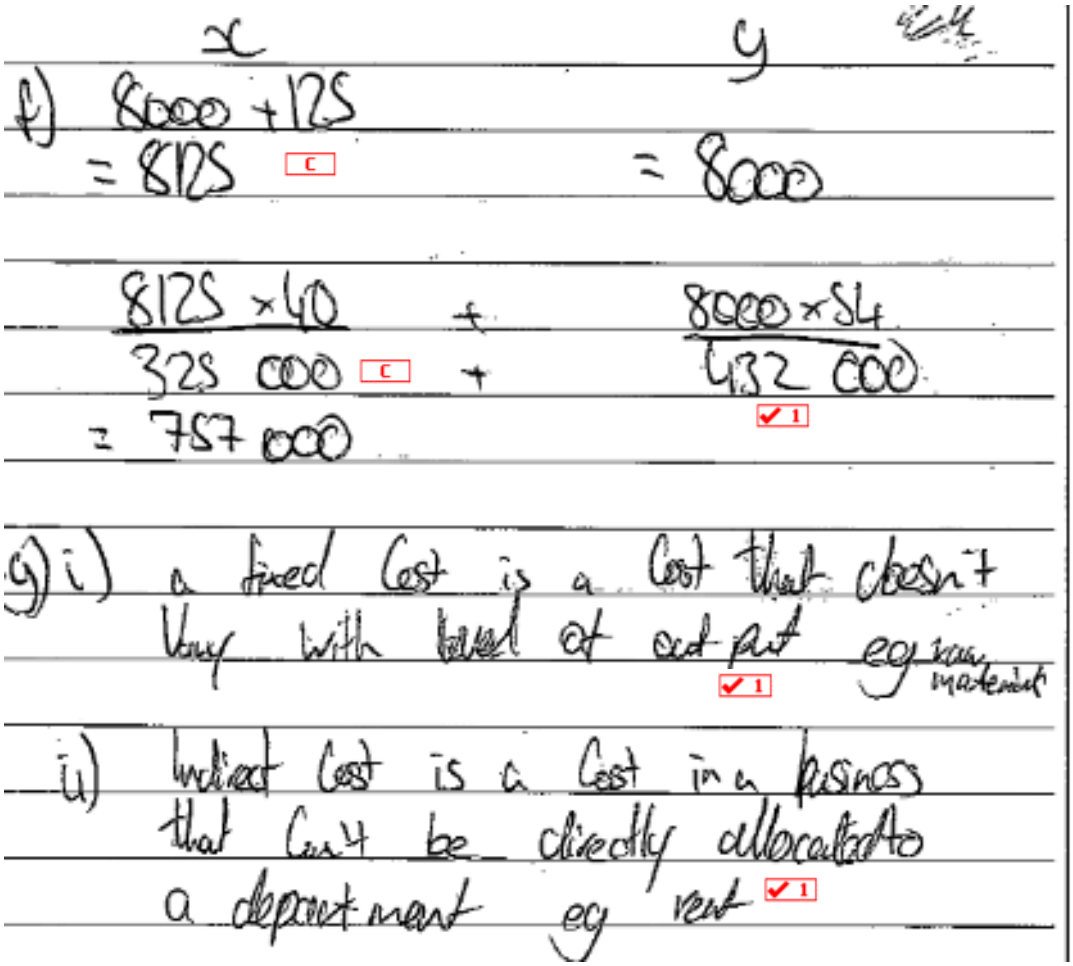
(f) Profit statement:

X: 9200 x 10 0	920000 C
Y: 91000 x 9 0	828000
	£1748000
- fixed costs.	£380,000
	£1368000 C
	prof-it.

8/15

Candidate 2 - Question 4





x

f) 8000 + 125
= 8125 C

y

= 8000

8125 × 40 + 8000 × 54
325 000 C + 432 000 ✓1
= 757 000

g) i) a fixed cost is a cost that doesn't vary with level of output ✓1 eg raw materials

ii) Indirect cost is a cost in a business that can't be directly allocated to a department eg rent ✓1

11/15