

MARKER CODE



Student Personal Identification Number

South Pacific Form Seven Certificate

ACCOUNTING

2021

QUESTION and ANSWER BOOKLET

Time allowed: Three hours

(An extra 10 minutes is allowed for reading this paper.)

INSTRUCTIONS

Write your **Student Personal Identification Number (SPIN)** in the space provided on the top right-hand corner of this page.

Answer **ALL QUESTIONS**. Write your answers in the spaces provided in this booklet.

If you need more space for answers, ask the Supervisor for extra paper. Write your SPIN on all extra sheets used and clearly number the questions. Attach the extra sheets at the appropriate places in this booklet.

Major Learning Outcomes (Achievement Standards)	Skill Level & Number of Questions				Weight/ Time
	Level 1 <i>Uni- structural</i>	Level 2 <i>Multi- structural</i>	Level 3 <i>Relational</i>	Level 4 <i>Extended Abstract</i>	
Strand 1: The Conceptual Basis of Accounting Demonstrate an understanding of the foundations of accounting and contextualise the application of concepts and assumptions of accounting.	2	2	-	1	10% 26 min
Strand 2: Financial Information for Partnerships and Companies Demonstrate an understanding of financial transactions of a partnership and a company.	6	4	2	-	20% 50 min
Strand 3: Financial Information for a Manufacturing Job-costing Subsystem Demonstrate an understanding of recording and processing financial transactions of a manufacturing enterprise and evaluation of a job cost system.	6	2	-	-	10% 26 min
Strand 4: Reporting of Financial Information Demonstrate an understanding of financial reports of a partnership and a company.	1	1	1	1	10% 26 min
Strand 5: Evaluation of a Company's Financial Information Demonstrate an understanding of the analysis and interpretation of financial and non-financial information for reporting and decision-making.	2	2	-	1	10% 26 min
Strand 6: Information for Management Decision Making Demonstrate an understanding of information for management decision making.	2	1	2	-	10% 26 min
TOTAL	19	12	5	3	70% 180 min

Check that this booklet contains pages 2–15 in the correct order and that none of these pages are blank.

HAND THIS BOOKLET TO THE SUPERVISOR AT THE END OF THE EXAMINATION.

STRAND 2: FINANCIAL INFORMATION FOR PARTNERSHIPS AND COMPANIES

	<p>Use the following information to answer questions 2.1a–2.1c.</p> <p>On 30 March 2021, Leah and John decided to form a partnership. The following events were revealed at the end of the financial year:</p> <ul style="list-style-type: none"> • Each partner’s capital contribution is \$40, 000 cash. • Each partner is entitled to a salary of \$25, 000. Both are non-working partners. • An advance of \$10,000 was made to Leah with 5% interest. • Both partners withdrew \$2,000 for their personal expenses at 5% interest. • Partners are entitled to 5% interest on the capital. • The Net Profit is \$80,000. <p>(Note: All changes will be effected in the capital.)</p>																																																					
2.1a	<p>Prepare the General Journal entry to record the interest on advance to Leah.</p> <p style="text-align: center;">General Journal</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 15%;">Date</th> <th style="width: 45%;">Particulars</th> <th style="width: 15%;">Debit (\$)</th> <th style="width: 25%;">Credit (\$)</th> </tr> </thead> <tbody> <tr><td> </td><td> </td><td> </td><td> </td></tr> <tr><td> </td><td> </td><td> </td><td> </td></tr> <tr><td> </td><td> </td><td> </td><td> </td></tr> </tbody> </table>	Date	Particulars	Debit (\$)	Credit (\$)													<p><i>Assessor’s use only</i></p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="2" style="text-align: center;">Multistructural</th> </tr> </thead> <tbody> <tr><td style="width: 50%; text-align: center;">2</td><td> </td></tr> <tr><td style="text-align: center;">1</td><td> </td></tr> <tr><td style="text-align: center;">0</td><td> </td></tr> <tr><td style="text-align: center;">NR</td><td> </td></tr> </tbody> </table>	Multistructural		2		1		0		NR																											
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2.1b	<p>Prepare the Profit Distribution Account of Leah and John for the period ending 30 March 2021.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 35%;"></th> <th style="width: 15%; text-align: center;">\$</th> <th style="width: 35%;"></th> <th style="width: 15%; text-align: center;">\$</th> </tr> </thead> <tbody> <tr><td> </td><td> </td><td> </td><td> </td></tr> <tr><td> </td><td> </td><td> </td><td> </td></tr> <tr><td> </td><td> </td><td> </td><td> </td></tr> <tr><td> </td><td> </td><td> </td><td> </td></tr> <tr><td> </td><td> </td><td> </td><td> </td></tr> <tr><td> </td><td> </td><td> </td><td> </td></tr> <tr><td> </td><td> </td><td> </td><td> </td></tr> <tr><td> </td><td> </td><td> </td><td> </td></tr> <tr><td> </td><td> </td><td> </td><td> </td></tr> </tbody> </table>		\$		\$																																					<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="2" style="text-align: center;">Relational</th> </tr> </thead> <tbody> <tr><td style="width: 50%; text-align: center;">3</td><td> </td></tr> <tr><td style="text-align: center;">2</td><td> </td></tr> <tr><td style="text-align: center;">1</td><td> </td></tr> <tr><td style="text-align: center;">0</td><td> </td></tr> <tr><td style="text-align: center;">NR</td><td> </td></tr> </tbody> </table>	Relational		3		2		1		0		NR	
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2.1c	<p>Prepare Leah's Capital Account using the following three-column ledger. Update the balance column after each entry.</p> <p style="text-align: center;">Capital - Leah</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 15%;">Date</th> <th style="width: 35%;">Particulars</th> <th style="width: 15%;">Debit (\$)</th> <th style="width: 15%;">Credit (\$)</th> <th style="width: 20%;">Balance (\$)</th> </tr> </thead> <tbody> <tr> <td>1 April 2021</td> <td>Balance</td> <td></td> <td></td> <td>40,000 Cr</td> </tr> <tr><td> </td><td> </td><td> </td><td> </td><td> </td></tr> <tr><td> </td><td> </td><td> </td><td> </td><td> </td></tr> <tr><td> </td><td> </td><td> </td><td> </td><td> </td></tr> <tr><td> </td><td> </td><td> </td><td> </td><td> </td></tr> <tr><td> </td><td> </td><td> </td><td> </td><td> </td></tr> <tr><td> </td><td> </td><td> </td><td> </td><td> </td></tr> </tbody> </table>	Date	Particulars	Debit (\$)	Credit (\$)	Balance (\$)	1 April 2021	Balance			40,000 Cr																															<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="2" style="text-align: center;">Relational</th> </tr> </thead> <tbody> <tr><td style="text-align: center;">3</td><td> </td></tr> <tr><td style="text-align: center;">2</td><td> </td></tr> <tr><td style="text-align: center;">1</td><td> </td></tr> <tr><td style="text-align: center;">0</td><td> </td></tr> <tr><td style="text-align: center;">NR</td><td> </td></tr> </tbody> </table>	Relational		3		2		1		0		NR	
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2.2a	<p>State the purpose of a prospectus.</p> <hr/> <hr/> <hr/>	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="2" style="text-align: center;">Unistructural</th> </tr> </thead> <tbody> <tr><td style="text-align: center;">1</td><td> </td></tr> <tr><td style="text-align: center;">0</td><td> </td></tr> <tr><td style="text-align: center;">NR</td><td> </td></tr> </tbody> </table>	Unistructural		1		0		NR																																													
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2.2b	<p>Public companies trade their shares on the stock market. Describe the meaning of buying shares in a company.</p> <hr/> <hr/> <hr/> <hr/> <hr/>	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="2" style="text-align: center;">Multistructural</th> </tr> </thead> <tbody> <tr><td style="text-align: center;">2</td><td> </td></tr> <tr><td style="text-align: center;">1</td><td> </td></tr> <tr><td style="text-align: center;">0</td><td> </td></tr> <tr><td style="text-align: center;">NR</td><td> </td></tr> </tbody> </table>	Multistructural		2		1		0		NR																																											
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2.2c	<p>Identify one type of share that is traded on the stock market.</p> <hr/> <hr/> <hr/>	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="2" style="text-align: center;">Unistructural</th> </tr> </thead> <tbody> <tr><td style="text-align: center;">1</td><td> </td></tr> <tr><td style="text-align: center;">0</td><td> </td></tr> <tr><td style="text-align: center;">NR</td><td> </td></tr> </tbody> </table>	Unistructural		1		0		NR																																													
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2.2d	Define share capital . <hr/> <hr/> <hr/>	<table border="1"> <thead> <tr> <th colspan="2">Unistructural</th> </tr> </thead> <tbody> <tr> <td>1</td> <td></td> </tr> <tr> <td>0</td> <td></td> </tr> <tr> <td>NR</td> <td></td> </tr> </tbody> </table>	Unistructural		1		0		NR	
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2.2e	Define authorised capital . <hr/> <hr/> <hr/>	<table border="1"> <thead> <tr> <th colspan="2">Unistructural</th> </tr> </thead> <tbody> <tr> <td>1</td> <td></td> </tr> <tr> <td>0</td> <td></td> </tr> <tr> <td>NR</td> <td></td> </tr> </tbody> </table>	Unistructural		1		0		NR	
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2.2f	Define issued capital . <hr/> <hr/> <hr/>	<table border="1"> <thead> <tr> <th colspan="2">Unistructural</th> </tr> </thead> <tbody> <tr> <td>1</td> <td></td> </tr> <tr> <td>0</td> <td></td> </tr> <tr> <td>NR</td> <td></td> </tr> </tbody> </table>	Unistructural		1		0		NR	
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2.2g	Define unissued capital . <hr/> <hr/> <hr/>	<table border="1"> <thead> <tr> <th colspan="2">Unistructural</th> </tr> </thead> <tbody> <tr> <td>1</td> <td></td> </tr> <tr> <td>0</td> <td></td> </tr> <tr> <td>NR</td> <td></td> </tr> </tbody> </table>	Unistructural		1		0		NR	
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STRAND 3: FINANCIAL INFORMATION FOR A MANUFACTURING JOB-COSTING SUB-SYSTEM

Assessor's use only

3.1a	Define cost objects . <hr/> <hr/> <hr/>	<table border="1"> <thead> <tr> <th colspan="2">Unistructural</th> </tr> </thead> <tbody> <tr> <td>1</td> <td></td> </tr> <tr> <td>0</td> <td></td> </tr> <tr> <td>NR</td> <td></td> </tr> </tbody> </table>	Unistructural		1		0		NR	
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3.1b	Define direct costs . <hr/> <hr/> <hr/>	<table border="1"> <thead> <tr> <th colspan="2">Unistructural</th> </tr> </thead> <tbody> <tr> <td>1</td> <td></td> </tr> <tr> <td>0</td> <td></td> </tr> <tr> <td>NR</td> <td></td> </tr> </tbody> </table>	Unistructural		1		0		NR	
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3.1d	Tautai Manufacturers produces t-shirts for a number of retailers. Identify a product costing method appropriate for Tautai Manufacturers. <hr/> <hr/> <hr/>	<table border="1"> <thead> <tr> <th colspan="2">Unistructural</th> </tr> </thead> <tbody> <tr> <td>1</td> <td></td> </tr> <tr> <td>0</td> <td></td> </tr> <tr> <td>NR</td> <td></td> </tr> </tbody> </table>	Unistructural		1		0		NR	
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3.1e	Define the job costing system . <hr/> <hr/> <hr/>	<table border="1"> <thead> <tr> <th colspan="2">Unistructural</th> </tr> </thead> <tbody> <tr> <td>1</td> <td></td> </tr> <tr> <td>0</td> <td></td> </tr> <tr> <td>NR</td> <td></td> </tr> </tbody> </table>	Unistructural		1		0		NR	
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3.2a	Identify one source document used for job order costing. <hr/> <hr/> <hr/>	<table border="1"> <thead> <tr> <th colspan="2">Unistructural</th> </tr> </thead> <tbody> <tr> <td>1</td> <td></td> </tr> <tr> <td>0</td> <td></td> </tr> <tr> <td>NR</td> <td></td> </tr> </tbody> </table>	Unistructural		1		0		NR	
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3.2b	<p>Describe one feature of direct materials as a process element of a job costing system.</p> <hr/> <hr/> <hr/> <hr/> <hr/>	<table border="1"> <thead> <tr> <th colspan="2">Multistructural</th> </tr> </thead> <tbody> <tr> <td>2</td> <td></td> </tr> <tr> <td>1</td> <td></td> </tr> <tr> <td>0</td> <td></td> </tr> <tr> <td>NR</td> <td></td> </tr> </tbody> </table>	Multistructural		2		1		0		NR	
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3.2c	<p>Describe one internal control for a job costing system.</p> <hr/> <hr/> <hr/> <hr/> <hr/>	<table border="1"> <thead> <tr> <th colspan="2">Multistructural</th> </tr> </thead> <tbody> <tr> <td>2</td> <td></td> </tr> <tr> <td>1</td> <td></td> </tr> <tr> <td>0</td> <td></td> </tr> <tr> <td>NR</td> <td></td> </tr> </tbody> </table>	Multistructural		2		1		0		NR	
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STRAND 4: REPORTING OF FINANCIAL INFORMATION*Assessor's use only*

4.1a	State the purpose of a partnership Profit and Loss Appropriation Account.										
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Use the information given below to answer questions 4.1b and 4.1c.

The following table presents the account balances of JB Associates for the financial year ending 30 June, 2021:

Particulars	\$
Equipment	42,000
Building	100,000
Loan - BBK	47,500
Capital - John	50,000
Capital - Bob	50,000
Accounts Receivable	2,200
Cash at Bank	12,000
Accounts Payable	5,000
Services income	50,000
Bad Debts	500
Advertising	1,000

The following adjustments were extracted on balance day:

- Further bad debts of \$200 are to be written off.
- Advertising outstanding amount is \$1,300.
- Depreciation on equipment is applied at 10% per annum.
- Services income accrual is \$2,000.

Assessor's use only

4.1b	Prepare the journal entries for income accrued .															
	General Journal															
	Date	Particulars	Dr	Cr	<table border="1"> <thead> <tr> <th colspan="2">Multistruktural</th> </tr> </thead> <tbody> <tr> <td>2</td> <td></td> </tr> <tr> <td>1</td> <td></td> </tr> <tr> <td>0</td> <td></td> </tr> <tr> <td>NR</td> <td></td> </tr> </tbody> </table>		Multistruktural		2		1		0		NR	
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4.1c	Prepare the following ledger accounts: <div style="text-align: center; margin-bottom: 10px;"> (i) Bad debts </div> <table border="1" style="width: 100%; border-collapse: collapse; margin-bottom: 10px;"> <thead> <tr> <th style="width: 12.5%;">Date</th> <th style="width: 25%;">Particulars</th> <th style="width: 12.5%;">Amount</th> <th style="width: 12.5%;">Date</th> <th style="width: 25%;">Particulars</th> <th style="width: 12.5%;">Amount</th> </tr> </thead> <tbody> <tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr> <tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr> <tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr> </tbody> </table> <div style="text-align: center; margin-bottom: 10px;"> (ii) Depreciation - Equipment </div> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 12.5%;">Date</th> <th style="width: 25%;">Particulars</th> <th style="width: 12.5%;">Amount</th> <th style="width: 12.5%;">Date</th> <th style="width: 25%;">Particulars</th> <th style="width: 12.5%;">Amount</th> </tr> </thead> <tbody> <tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr> <tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr> </tbody> </table>	Date	Particulars	Amount	Date	Particulars	Amount																			Date	Particulars	Amount	Date	Particulars	Amount													<table border="1" style="width: 100%; border-collapse: collapse; margin-top: 10px;"> <thead> <tr style="background-color: #cccccc;"> <th colspan="2" style="text-align: center;">Relational</th> </tr> </thead> <tbody> <tr><td style="text-align: center;">3</td><td> </td></tr> <tr><td style="text-align: center;">2</td><td> </td></tr> <tr><td style="text-align: center;">1</td><td> </td></tr> <tr><td style="text-align: center;">0</td><td> </td></tr> <tr><td style="text-align: center;">NR</td><td> </td></tr> </tbody> </table>	Relational		3		2		1		0		NR																					
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4.1d	Prepare a fully classified Statement of Financial Position for JB Associates for the year ended 30 June 2021. <div style="text-align: center; margin-bottom: 10px;"> JB Associates Statement of Financial Position for the year ended 30 June 2021. </div> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 80%;"></th> <th style="width: 10%; text-align: center;">\$</th> <th style="width: 10%; text-align: center;">\$</th> </tr> </thead> <tbody> <tr><td>Owners' Equity</td><td> </td><td> </td></tr> <tr><td> </td><td> </td><td> </td></tr> <tr><td> </td><td> </td><td> </td></tr> <tr><td>This is represented by:</td><td> </td><td> </td></tr> <tr><td>Current Assets</td><td> </td><td> </td></tr> <tr><td> </td><td> </td><td> </td></tr> <tr><td> </td><td> </td><td> </td></tr> <tr><td> </td><td> </td><td> </td></tr> <tr><td>Current Liabilities</td><td> </td><td> </td></tr> <tr><td> </td><td> </td><td> </td></tr> <tr><td> </td><td> </td><td> </td></tr> <tr><td> </td><td> </td><td> </td></tr> <tr><td>Non-Current Assets</td><td> </td><td> </td></tr> <tr><td> </td><td> </td><td> </td></tr> <tr><td> </td><td> </td><td> </td></tr> <tr><td> </td><td> </td><td> </td></tr> <tr><td>Non-Current Liabilities</td><td> </td><td> </td></tr> <tr><td> </td><td> </td><td> </td></tr> <tr><td> </td><td> </td><td> </td></tr> </tbody> </table>		\$	\$	Owners' Equity									This is represented by:			Current Assets												Current Liabilities												Non-Current Assets												Non-Current Liabilities									<table border="1" style="width: 100%; border-collapse: collapse; margin-top: 10px;"> <thead> <tr style="background-color: #cccccc;"> <th colspan="2" style="text-align: center;">Extended Abstract</th> </tr> </thead> <tbody> <tr><td style="text-align: center;">4</td><td> </td></tr> <tr><td style="text-align: center;">3</td><td> </td></tr> <tr><td style="text-align: center;">2</td><td> </td></tr> <tr><td style="text-align: center;">1</td><td> </td></tr> <tr><td style="text-align: center;">0</td><td> </td></tr> <tr><td style="text-align: center;">NR</td><td> </td></tr> </tbody> </table>	Extended Abstract		4		3		2		1		0		NR	
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STRAND 5: EVALUATION OF A COMPANY'S FINANCIAL INFORMATION

Assessor's use only

5.1a	State the purpose of financial analysis. <hr/> <hr/> <hr/>	<table border="1"> <thead> <tr> <th colspan="2">Unistructural</th> </tr> </thead> <tbody> <tr> <td>1</td> <td></td> </tr> <tr> <td>0</td> <td></td> </tr> <tr> <td>NR</td> <td></td> </tr> </tbody> </table>	Unistructural		1		0		NR			
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5.1b	Define financial ratio analysis . <hr/> <hr/> <hr/>	<table border="1"> <thead> <tr> <th colspan="2">Unistructural</th> </tr> </thead> <tbody> <tr> <td>1</td> <td></td> </tr> <tr> <td>0</td> <td></td> </tr> <tr> <td>NR</td> <td></td> </tr> </tbody> </table>	Unistructural		1		0		NR			
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5.1c	List two financial ratios used to analyse profitability. <hr/> <hr/> <hr/> <hr/>	<table border="1"> <thead> <tr> <th colspan="2">Multistructural</th> </tr> </thead> <tbody> <tr> <td>2</td> <td></td> </tr> <tr> <td>1</td> <td></td> </tr> <tr> <td>0</td> <td></td> </tr> <tr> <td>NR</td> <td></td> </tr> </tbody> </table>	Multistructural		2		1		0		NR	
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5.1d	List two financial ratios used to analyse market share. <hr/> <hr/> <hr/> <hr/>	<table border="1"> <thead> <tr> <th colspan="2">Multistructural</th> </tr> </thead> <tbody> <tr> <td>2</td> <td></td> </tr> <tr> <td>1</td> <td></td> </tr> <tr> <td>0</td> <td></td> </tr> <tr> <td>NR</td> <td></td> </tr> </tbody> </table>	Multistructural		2		1		0		NR	
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STRAND 6: INFORMATION FOR MANAGEMENT DECISION MAKING

Assessor's use only

6.1a	<p>Define break-even point.</p> <hr/> <hr/> <hr/>	<table border="1"> <tr> <th colspan="2">Unistructural</th> </tr> <tr> <td>1</td> <td></td> </tr> <tr> <td>0</td> <td></td> </tr> <tr> <td>NR</td> <td></td> </tr> </table>	Unistructural		1		0		NR					
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6.1b	<p>Define contribution margin.</p> <hr/> <hr/> <hr/>	<table border="1"> <tr> <th colspan="2">Unistructural</th> </tr> <tr> <td>1</td> <td></td> </tr> <tr> <td>0</td> <td></td> </tr> <tr> <td>NR</td> <td></td> </tr> </table>	Unistructural		1		0		NR					
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<p>Use the information given below to answer questions 6.1c and 6.1d.</p> <p>Pacific Cups Inc manufactures and sells party cups for catering events. The fixed cost of operating the company is \$100,000 per month and the variable cost is \$2 per unit. The cups are sold for \$4 per unit. The fixed costs provide a production capacity of up to 100,000 cups per month. The target profit is \$10,000 per month.</p>														
6.1c	<p>Calculate the break-even point in units.</p> <div style="border: 1px solid black; padding: 10px; margin-top: 10px;"> <p>Working:</p> <p>Break-even point in units: _____</p> </div>	<table border="1"> <tr> <th colspan="2">Multistructural</th> </tr> <tr> <td>2</td> <td></td> </tr> <tr> <td>1</td> <td></td> </tr> <tr> <td>0</td> <td></td> </tr> <tr> <td>NR</td> <td></td> </tr> </table>	Multistructural		2		1		0		NR			
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6.1d	<p>Calculate the number of units needed to achieve the desired monthly profit.</p> <div style="border: 1px solid black; padding: 10px; margin-top: 10px;"> <p>Working:</p> <p>Answer (units): _____</p> </div>	<table border="1"> <tr> <th colspan="2">Relational</th> </tr> <tr> <td>3</td> <td></td> </tr> <tr> <td>2</td> <td></td> </tr> <tr> <td>1</td> <td></td> </tr> <tr> <td>0</td> <td></td> </tr> <tr> <td>NR</td> <td></td> </tr> </table>	Relational		3		2		1		0		NR	
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