

MARKER CODE


 Pacific
Community
Communauté
du Pacifique


Student Personal Identification Number

South Pacific Form Seven Certificate

ACCOUNTING

2022

QUESTION and ANSWER BOOKLET

Time allowed: Three hours

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

INSTRUCTIONS

1. Write your **Student Personal Identification Number (SPIN)** in the space provided on the top right-hand corner of this page.
2. Answer **ALL QUESTIONS**. Write your answers in the spaces provided in this booklet.
3. 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.	8	1	-	-	10% 26 min
Strand 2: Financial Information for Partnerships and Companies Demonstrate an understanding of financial transactions of a partnership and a company.	7	2	3	-	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.	3	-	1	1	10% 26 min
Strand 4: Reporting of Financial Information Demonstrate an understanding of financial reports of a partnership and a company.	-	3	-	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.	1	3	1	-	10% 26 min
Strand 6: Information for Management Decision Making Demonstrate an understanding of information for management decision making.	-	3	-	1	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 1: THE CONCEPTUAL BASIS OF ACCOUNTING
Assessor's use only

1.1a	State the purpose of the <i>generally accepted accounting principles</i> . <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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1.1b	Describe an objective of the <i>general purpose financial reports</i> . <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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1.2a	Define the four <i>enhancing qualitative characteristics</i> of financial information given in questions 1.2a–1.2d below. Understandability <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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1.2b	Timeliness <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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1.2c	Comparability <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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1.2d	Verifiability <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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1.2e	<p>Define the following <i>accounting assumptions, concepts and principles</i> given in questions 1.2e–1.2g.</p> <p>Accounting entity principle</p> <hr/> <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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1.2f	<p>Monetary concept</p> <hr/> <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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1.2g	<p>Going concern assumption</p> <hr/> <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 2: FINANCIAL INFORMATION FOR PARTNERSHIPS AND COMPANIES

Use the following information to answer questions 2.1a–2.1c.

On 31 December 2021, Onetalk and Simmons agreed to form a partnership. Simmons was to contribute cash of \$100 000, while Onetalk was to contribute an existing business at its book value. The assets and liabilities of Onetalk were as follows:

Onetalk: Statement of Financial Position as at 31 December 2021					
Assets	\$	\$		\$	\$
Cash at Bank		4 500	Liabilities		5 000
Debtors	1 000		Creditors		
Less Provision for Doubtful Debts	100	900			
Inventory		5 000			
Buildings	100 000		Owner's Equity		
Less Accumulated Depreciation	5 000	95 000	Capital		150 400
Land		50 000			
		155 400			155 400

Assessor's use only

2.1a Prepare the general journal entries for the **formation of the partnership.**

General Journal

Date	Particulars	Debit (\$)	Credit (\$)

Relational

3	
2	
1	
0	
NR	

2.1b	<p>One type of partnership formation is when partners contribute in the form of cash or with an existing business.</p> <p>Identify another form of partnership formation.</p> <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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2.1c	<p>Name one source document that is used in the formation of a partnership.</p> <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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2.1d	<p>Define goodwill.</p> <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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2.1e	<p>Write the formula for calculating goodwill.</p> <div style="border: 1px solid black; height: 80px; width: 450px; margin: 10px auto;"></div>	<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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2.2a	<p>Define company formation.</p> <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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2.2b	<p>Define application for shares.</p> <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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2.2c	<p>Define allotment of shares.</p> <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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Use the following information to answer questions 2.2d–2.2f.

On 1 January 2022, the directors of Awsome Ltd decided to issue 500 000 shares at a par value of \$2. The terms of issue were as follows:

- \$1.50 on application and;
- 50c on allotment

Application closed on 28 February 2022. The company received 510 000 shares in application including 20 000 fully paid shares.

On 1 March 2022, the company decided to allot the 500 000 shares including the fully paid shares and refund the excess application. All allotment money was received by 31 March 2022.

Assessor's use only

2.2d Calculate the allotment of shares received on application on a pro rata basis (first come, first served).

Working:

Shares Allotted: \$ _____

Multistructural

2

1

0

NR

2.2e Prepare the general journal entries to record the issue of shares.

General Journal

Date	Particulars	Debit (\$)	Credit (\$)
	(to record the receipt of application money)		
	(to record the application money due)		
	(to record the allotment due)		
	(to record transfer of trust money to cash general and refund of excess application)		
	(to record money received on allotment)		

Relational

3

2

1

0

NR

2.2f	<p>Prepare the statement of financial position for Awsome Ltd as at 31 March 2022.</p> <p style="text-align: center;">Awsome Ltd Statement of Financial Position As at 31 March 2022</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 60%;"></th> <th style="width: 20%; text-align: center;">\$</th> <th style="width: 20%; text-align: center;">\$</th> </tr> </thead> <tbody> <tr> <td>Shareholders' Equity</td> <td></td> <td></td> </tr> <tr> <td>Share Capital</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 Assets</td> <td></td> <td></td> </tr> <tr> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td></td> <td></td> </tr> </tbody> </table>		\$	\$	Shareholders' Equity			Share Capital												Current Assets									<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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2.2g	<p>Describe a feature of preference shares.</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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STRAND 3: FINANCIAL INFORMATION FOR A MANUFACTURING JOB-COSTING SUB-SYSTEM

Assessor's use only

3.1a	<p>Define manufacturing enterprise.</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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3.1b	<p>Identify a direct cost associated with the production of a book.</p> <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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3.1c	<p>On 1 March 2022, Jason's Garments received an order for 1 000 shirts with an allocated Job #303.</p> <p>The following transactions took place during the completion of this order.</p> <table border="1"> <thead> <tr> <th>Date</th> <th>Activity</th> </tr> </thead> <tbody> <tr> <td>2 March 2022</td> <td>Cash purchase of 2 000 metres of material at \$5 per metre and a box of buttons at \$100</td> </tr> <tr> <td>20 March 2022</td> <td>Direct labour incurred, 1 000 hours at \$3 per hour</td> </tr> <tr> <td>20 March 2022</td> <td>Packing cost is \$100</td> </tr> </tbody> </table> <p>A manufacturing overhead is applied at the rate of \$2 on the direct labour hours.</p> <p>Prepare the job cost sheet for Job #303.</p> <table border="1"> <thead> <tr> <th colspan="5">Job Cost Sheet</th> </tr> <tr> <th>Job #</th> <td>303</td> <th>Description</th> <td colspan="2">Shirts</td> </tr> <tr> <th>Date Started</th> <td>2 March 2022</td> <th>Date Completed</th> <td colspan="2">20 March 2022</td> </tr> <tr> <th>Units completed</th> <td>1 000</td> <td></td> <td colspan="2"></td> </tr> <tr> <th colspan="5">Direct Materials</th> </tr> <tr> <th>Date</th> <th>Requisition #</th> <th>Quantity (units)</th> <th>Unit Price (\$)</th> <th>Cost (\$)</th> </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> <th colspan="5">Direct Labour</th> </tr> <tr><td> </td><td> </td><td> </td><td> </td><td> </td></tr> <tr> <th colspan="5">Manufacturing Overhead</th> </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> <th colspan="4">Total Cost</th> <td> </td> </tr> </thead></table>	Date	Activity	2 March 2022	Cash purchase of 2 000 metres of material at \$5 per metre and a box of buttons at \$100	20 March 2022	Direct labour incurred, 1 000 hours at \$3 per hour	20 March 2022	Packing cost is \$100	Job Cost Sheet					Job #	303	Description	Shirts		Date Started	2 March 2022	Date Completed	20 March 2022		Units completed	1 000				Direct Materials					Date	Requisition #	Quantity (units)	Unit Price (\$)	Cost (\$)																Direct Labour										Manufacturing Overhead															Total Cost					<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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STRAND 4: REPORTING OF FINANCIAL INFORMATION

Use the information given below to answer questions 4.1a–4.1d.

The following table presents the account balances of Manek & Associates for the financial year ending 30 June 2022:

Particulars	\$
Equipment	60 000
Building	200 000
Loan – ANX	50 500
Capital – Manek	100 000
Capital – Ann	100 000
Accounts Receivable	10 000
Cash at Bank	100 000
Accounts Payable	20 000
Services income	100 000
Provision for Doubtful Debt	600
Rent expense	12 000
Bad Debts	2 000

The following adjustments were extracted on balance day:

- Provision for doubtful debt is to be 10% of accounts receivable.
- Rent prepaid is \$600.
- Depreciation on equipment and building is applied at 10% per annum.
- 10% of the services income is received in advance.
- Interest on loan is at 10%.

Assessor's use only

4.1a	<p>Prepare the general journal entries to record doubtful debts.</p> <p style="text-align: center;">General Journal</p> <table border="1" style="width: 100%;"> <thead> <tr> <th>Date</th> <th>Particulars</th> <th>Dr</th> <th>Cr</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>(to record the provision for doubtful debts on balance day)</td> <td> </td> <td> </td> </tr> </tbody> </table>	Date	Particulars	Dr	Cr										(to record the provision for doubtful debts on balance day)			<table border="1" style="width: 100%;"> <thead> <tr> <th colspan="2">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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4.1b	<p>Prepare the general journal entries to record prepaid rent.</p> <p style="text-align: center;">General Journal</p> <table border="1" style="width: 100%;"> <thead> <tr> <th>Date</th> <th>Particulars</th> <th>Dr</th> <th>Cr</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>(to record prepaid rent on balance day)</td> <td> </td> <td> </td> </tr> </tbody> </table>	Date	Particulars	Dr	Cr										(to record prepaid rent on balance day)			<table border="1" style="width: 100%;"> <thead> <tr> <th colspan="2">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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<p>4.1c</p>	<p>Prepare the general journal entries to record the service income received in advance.</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%;">Dr</th> <th style="width: 25%;">Cr</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>(to record revenue received in advance on balance day)</td> <td> </td> <td> </td> </tr> </tbody> </table>	Date	Particulars	Dr	Cr										(to record revenue received in advance on balance day)			<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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<p>4.1d</p>	<p>Prepare a statement of financial performance for Manek & Associates for the year ending 30 June 2022.</p> <p style="text-align: center;">Manek & Associates Statement of Financial Performance for the year ending 30 June 2022</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 60%;"></th> <th style="width: 20%; text-align: center;">\$</th> <th style="width: 20%; text-align: center;">\$</th> </tr> </thead> <tbody> <tr> <td>Income</td> <td> </td> <td> </td> </tr> <tr> <td> </td> <td> </td> <td> </td> </tr> <tr> <td> </td> <td> </td> <td> </td> </tr> <tr> <td>Less Expenses</td> <td> </td> <td> </td> </tr> <tr> <td> </td> <td> </td> <td> </td> </tr> </tbody> </table>		\$	\$	Income									Less Expenses																											<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="2" style="text-align: center;">Extended Abstract</th> </tr> </thead> <tbody> <tr> <td style="width: 50%; 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

Use the information given below to answer questions 5.1a–5.1c.

The following financial information is extracted from the books of AB Ltd for the past two years:

	2020 (\$)	2021 (\$)
Net Profit	100 000	90 000
Shareholders' Equity	500 000	500 000
Net Sales	400 000	350 000

Assessor's use only

5.1a	<p>Calculate the return on equity ratio for 2021 (Show the formula with full working and round off to two decimal places).</p> <div style="border: 1px solid black; height: 150px; width: 100%; margin-top: 10px;"></div>	<table border="1" style="width: 100%; text-align: center;"> <thead> <tr> <th colspan="2">Multistructural</th> </tr> </thead> <tbody> <tr> <td style="width: 20px;">2</td> <td style="width: 20px;"></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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5.1b	<p>List two financial ratios that are used to analyse <i>management effectiveness</i> of a business entity.</p> <hr style="border: 0; border-top: 1px solid black; margin: 5px 0;"/> <hr style="border: 0; border-top: 1px solid black; margin: 5px 0;"/> <hr style="border: 0; border-top: 1px solid black; margin: 5px 0;"/>	<table border="1" style="width: 100%; text-align: center;"> <thead> <tr> <th colspan="2">Multistructural</th> </tr> </thead> <tbody> <tr> <td style="width: 20px;">2</td> <td style="width: 20px;"></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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5.1c	<p>Explain the significance of proper <i>analysis and interpretation</i> of financial information.</p> <hr/>	<table border="1"> <thead> <tr> <th colspan="2">Relational</th> </tr> </thead> <tbody> <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> </tbody> </table>	Relational		3		2		1		0		NR	
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5.1d	<p>Identify one type of analysis that is used to analyse the relationship between items within a financial statement.</p> <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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5.2	<p>Describe a feature of non-financial information.</p> <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 Use the following information to prepare the cash budget for the first quarter of 2022.

Month	Expected Sales \$	Expected Purchases \$
January	50 000	30 000
February	45 000	25 000
March	40 000	20 000

Additional information:

- Monthly wages: \$3 000
- 1 January Bank Balance: \$10 000
- Monthly rental: \$4 000
- Bank interest of 5% on the monthly closing balance

Cash Budget for the First Quarter (January–March)

	January	February	March
Balance			
Receipts			
Payments			

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	<p>Use the following information to answer questions 6.1b and 6.1c.</p> <p>Tom's Toy Marketing presented the following information for its product as at 30 June 2022.</p> <table style="margin-left: auto; margin-right: auto; border-collapse: collapse;"> <tr> <td></td> <td style="text-align: center;"><u>Per Unit</u></td> </tr> <tr> <td style="padding-left: 20px;">Sales price</td> <td style="text-align: center;">\$100</td> </tr> <tr> <td style="padding-left: 20px;">Variable cost</td> <td style="text-align: center;"><u>\$60</u></td> </tr> <tr> <td style="padding-left: 20px;">Contribution margin</td> <td style="text-align: center;"><u>\$40</u></td> </tr> <tr> <td style="padding-left: 20px;">Total fixed costs</td> <td style="text-align: center;">\$800 000</td> </tr> <tr> <td style="padding-left: 20px;">Production Capacity</td> <td style="text-align: center;">50 000 units</td> </tr> </table>		<u>Per Unit</u>	Sales price	\$100	Variable cost	<u>\$60</u>	Contribution margin	<u>\$40</u>	Total fixed costs	\$800 000	Production Capacity	50 000 units	
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<p>6.1b</p>	<p>Calculate the break-even point (units) using the contribution margin approach.</p> <div style="border: 1px solid black; height: 150px; width: 100%; margin-top: 10px;"></div>	<table border="1" style="width: 100%; border-collapse: collapse; text-align: center;"> <tr> <th colspan="2">Multistructural</th> </tr> <tr> <td style="width: 20px;">2</td> <td style="width: 20px;"></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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<p>6.1c</p>	<p>Calculate the margin of safety (dollars).</p> <div style="border: 1px solid black; height: 150px; width: 100%; margin-top: 10px;"></div>	<table border="1" style="width: 100%; border-collapse: collapse; text-align: center;"> <tr> <th colspan="2">Multistructural</th> </tr> <tr> <td style="width: 20px;">2</td> <td style="width: 20px;"></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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