

Question 1b Statement of Cash Flow

Candidate A evidence

Worksheet for Question 1

Statement of Cash Flows for Fine Tech plc for year ended 31 December Year 6

<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>	£Million	£Million
Operating Profit		89
Adjustments for:		
depreciation	63	
gain on sale of non-current Assets	(5)	
		2560
Operating Cash Flow before Working Capital Changes		24949
Change in inventories	3	
Change in trade receivables	(7)	
Change in trade payables	(5)	
Change in other payables	6	
		(5)
Cash Generated from Operations		24364
corporation tax paid	(10)	
debtors interest paid	(6)	
		(16)
Net Cash from Operating Activities		22728
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
purchase of non-current assets	(226)	
Sales of non-current assets	92	
Net Cash used in Investing Activities		(132)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
increase in ^{ordinary} share equity	30	
debtors redemption	(20)	
preference share redemption	(10)	
increase in share premium	5	
dividend dividends	(40)	
Net Cash used in Financing Activities		(35)
Net Increase/Decrease in Cash and Cash Equivalents		(39)

Candidate B evidence

Worksheet for Question 1

Statement of Cash Flows for Fine Tech plc for year ended 31 December Year 6

<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>	£Million	£Million
Operating Profit (1)	2589	
Adjustments for:		
depreciation (2)	63	
gain on sale of NCA (3)	-9	
(loss on sale of NCA (4)	37	
Operating Cash Flow before Working Capital Changes	180	
inventory	3	
trade receivables	-7	
trade payables	-5	
other payables	+4	
Cash Generated from Operations	175	
taxation paid (5)	-10	
interest paid (6)	-7	
Net Cash from Operating Activities		158
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
purchase of NCA (7)	145	
sale of NCA (8)	-92	
Net Cash used in Investing Activities		53
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Share capital (9)	20	
Share premium	5	
debenture redemption	-20	
retained earnings	24	
dividends due	-4	
Net Cash used in Financing Activities		25
Net Increase/Decrease in Cash and Cash Equivalents		236

ENTER NUMBER OF QUESTION	DO NOT WRITE IN THIS MARGIN
i) a) i)	$107 \times 40 = \text{£}4 \text{ million}$
ii)	$13 \times 4 = 9 = \text{£}9 \text{ million}$
b) <u>operating profit (1)</u>	
profit for the year = 64	
finance = 68	
tax = 19.28	
	89.85
<u>depreciation (2)</u>	
45	46
cost = 300 235	380
depr = 60 29	92
	<u>288</u>
	$92 - 29 = 63$
CA	↑
CL	↓
	+
	-
<u>interest paid (6)</u>	
18.27	$8 \times \frac{1}{7} \rightarrow 6$
<u>Gain on sale (3)</u>	
	profit of 9
<u>loss on sale (4)</u>	
	NBV = 34
	sold = 28
	cost = 68
	$68 - 28 = 37$
<u>taxation paid (5)</u>	
last year owing + this year income stat - this year SFOP	
	23 + 19 - 32
	= 10

<u>purchase of NCA (7)</u>	<u>sale of NCA (8)</u>
$380 - 235 = 145$	plant = 28 28
	investments = <u>64</u>
	92
<u>Share capital (9)</u>	
$120 - 150 = +30$	
$50 - 40 = -10$	
	<u>20</u>

Question 2 Part A Variances

Candidate C evidence

2	PART A		
(a)	(i)	Total material cost variance	9350 $(35000/20000*22000*5)-(183150)$ Favourable
		Material Usage variance	7500 $((35000/20000*22000)-37000)*5$ Favourable
		Material price variance	1850 $(5-183150/37000)*37000$ Favourable
	(ii)	labour cost variance	11100 $(9.5*76000/20000*22000)-783100$ Favourable
		labour efficiency variance	15200 $(76000/20000*22000-82000)*9.5$ Favourable
		labour rate variance	-4100 $(9.5-783100/82000)*82000$ Adverse
	(iii)	variable overhead efficiency variance	5760 $(76000/20000*22000-82000)*273600/76000$ Favourable
		variable overhead expenditure variance	-3800 $(82000*273600/76000)-299000$ Adverse
		fixed overhead volume variance	19000 $190000/20000*22000-190000$ Favourable
		fixed overhead expenditure variance	-7500 $190000-197500$ Adverse
(b)	(i)	Actual Quantity = Standard Quantity - (material usage variance/standard price)	43000 kg $35000/20000*24000-(-5000/5)$
	(ii)	Actual Price per kg = Standard price - (material price variance/Actual Quantity)	£ 4.80 $5-(8600/43000)$
	(iii)	standard hours	91200 $76000/20000*24000$
		standard rate	9.5
		actual hours	90000 working in answer book
		actual rate	9.55 working in answer book
		labour efficiency	11400 Favourable
	(iv)	actual labour cost	£ 859,500

ENTER NUMBER OF QUESTION											DO NOT WRITE IN THIS MARGIN
b(ii)	$\text{Total Labour} = (\text{Standard Rt} \times \text{Std hrs}) - (\text{Act Rt} \times \text{Act hrs})$										
	$6900 = 9.5 \times 91200 - (R \times H)$										
	$R \times H = 9.5 \times 91200 - 6900$										
	$R \times H = \del{87300} 859500$										
	$\text{Labour Rate} = (\text{Std Rt} - \text{Actual Rate}) \times \text{Act Hours}$										
	$-4500 = (9.5 - R) \times H$										
	$\del{400} - 4500 = 9.5H - RH$										
	$-4500 = 9.5H - 859500$										
	$855000 = 9.5H$										
	$H = 90000$										
	$R = 9.55$										

Candidate D evidence

ENTER NUMBER OF QUESTION		DO NOT WRITE IN THIS MARGIN
2.	Part A	
	a) Total material Variance	
	= (SQ for Prod X SP) - AQ used X actual price)	
	= (35,000 X 5) - (37,000 X 4.95)	$\frac{183150}{37000} = 4.95$
	= 175,000 - 183,150	
	= -8150 A	
	i) Material Usage Variance	
	= (SQ for Prod - AQ used) X SP	
	= (35000 - 37,000) X 5	
	= -10,000 A	
	ii) Material Price Variance	
	= (SP - AP for unit) X AQ used	
	= (5 - 4.95) X 35,000	
	= 1750 F	
	ii) Labour cost Variance	
	= (SR X SH for Prod) - (AR X AH worked)	
	= (9.50 X 76,000) - (9.55 X 82,000)	$\frac{783100}{82000} = 9.55$
	= -61,100 A	
	iii) Labour efficiency Variance	
	= (SH for Prod - AH worked) X SR	
	= (76,000 - 82,000) X 9.50	
	= -57,000 A	
	iii) Labour rate Variance	
	= (SR - AR) X AH worked	
	= (9.50 - 9.55) X 82,000	
	= -4100 A	
	iii) Variable overhead efficiency variance	
	= (SH for Prod - AH worked) X V.O.A.R	
	= (76,000 - 82,000) X 3.60	
	= -21,600 A	

ENTER NUMBER OF QUESTION	DO NOT WRITE IN THIS MARGIN
iii)	
Variable overhead expenditure variance	
= (AH worked x VOAR) - AVO cost	
= (82,000 x 3.60) - 299,000	
= -3800 A	
Fixed overhead volume variance	
= BFO - (SH for Actual Prod x FOAR)	
= 190,000 - (76,000 x 9.50)	
= -532,000 A	
iii) Fixed overhead expenditure variance	
= BFO - AFO	
= (190,000 - 197,500)	
= -7,500 A	

Question 3c Consolidated Statement of Financial Position

Candidate E evidence

c)			
Consolidated Statement of Financial Position			
	Napier	Duffy	Consolidated
Goodwill			£ 50,016.00
Non current Assets			
Tangible	£ 882,300.00	£ 140,000.00	£ 1,022,300.00
Investment in Duffy	£ 160,000.00		
Current Assets			
Inventory (11800+6400-14304)	£ 11,800.00	£ 6,400.00	£ 3,896.00
Trade Receivables	£ 11,200.00	£ 10,480.00	£ 21,680.00
Cash and Cash Equivalents (17600-1440+1500)	£ 17,600.00		£ 17,660.00
Current Account (owed By Duffy Plc)	£ 6,000.00		
Total Assets	£ 1,088,900.00	£ 156,880.00	£ 1,115,552.00
Current Liabilities			
Trade Payables	£ 6,000.00	£ 7,000.00	£ 13,000.00
Other Payables	£ 1,000.00	£ 300.00	£ 1,300.00
Cash and Cash Equivalents		£ 1,440.00	
Current Account (Owed to Napier Plc)		£ 4,500.00	
Non Current Liabilities			
Debentures	£ 30,000.00	£ 20,000.00	£ 50,000.00
Total Liabilities	£ 37,000.00	£ 33,240.00	£ 64,300.00
Net Assets	£ 1,051,900.00	£ 123,640.00	£ 1,051,252.00
Equity and Reserves			
Ordinary Shares	£ 800,000.00	£ 100,000.00	£ 800,000.00
Share Premium	£ 80,000.00	£ 10,000.00	£ 80,000.00
Retained Earning	£ 171,900.00	£ 13,640.00	£ 136,100.00
	£ 1,051,900.00	£ 123,640.00	£ 1,016,100.00