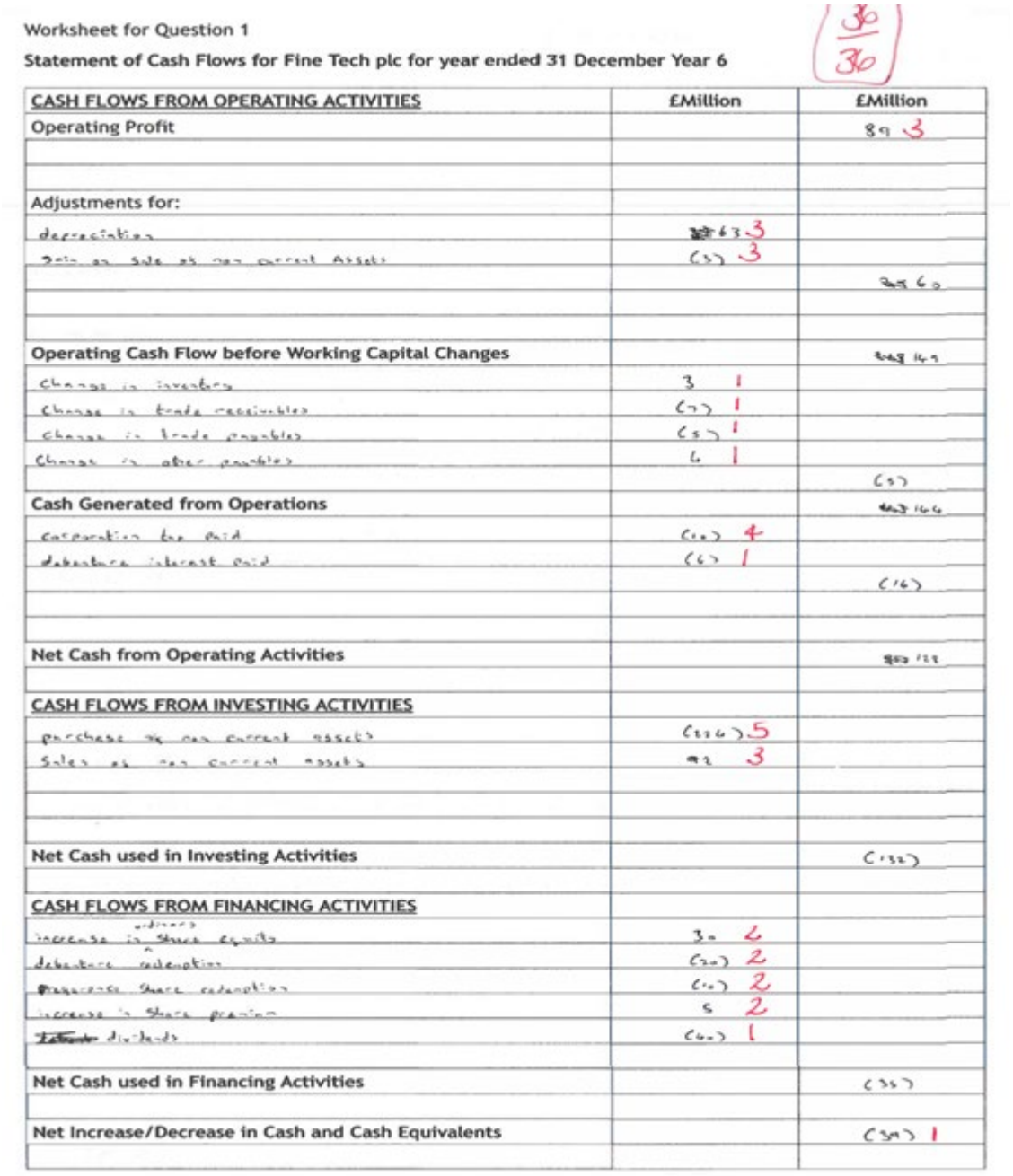
Commentary on candidate evidence

The candidate evidence has achieved the following marks for each question.

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

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CASH FLOWS FROM OPERATING ACTIVITIES	£Million	£Million
Operating Profit		89 3
Adjustments for:		
depreciation	63 3	
Gain on sale of non current Assets	(3) 3	
		35 6
Operating Cash Flow before Working Capital Changes		125 1
Change in inventory	3 1	
Change in trade receivables	(7) 1	
Change in trade payables	(5) 1	
Change in other payables	6 1	
		(3)
Cash Generated from Operations		122 1
corporation tax paid	(10) 4	
debenture interest paid	(6) 1	
		(16)
Net Cash from Operating Activities		106 1
CASH FLOWS FROM INVESTING ACTIVITIES		
purchase of non current assets	(116) 5	
Sales of non current assets	93 3	
Net Cash used in Investing Activities		(23)
CASH FLOWS FROM FINANCING ACTIVITIES		
increase in Share capital	30 4	
debenture redemption	(20) 2	
Preference Share redemption	(10) 2	
increase in Share premium	5 2	
Dividends	(40) 1	
Net Cash used in Financing Activities		(35)
Net Increase/Decrease in Cash and Cash Equivalents		(30) 1

This candidate received **full marks** for this response. Thorough knowledge of the topic under examination was demonstrated throughout. However, it should be noted that there was a lack of supporting workings, and if calculations were incorrect it would not have been possible to award consequential marks. Candidates should always show workings for this reason.

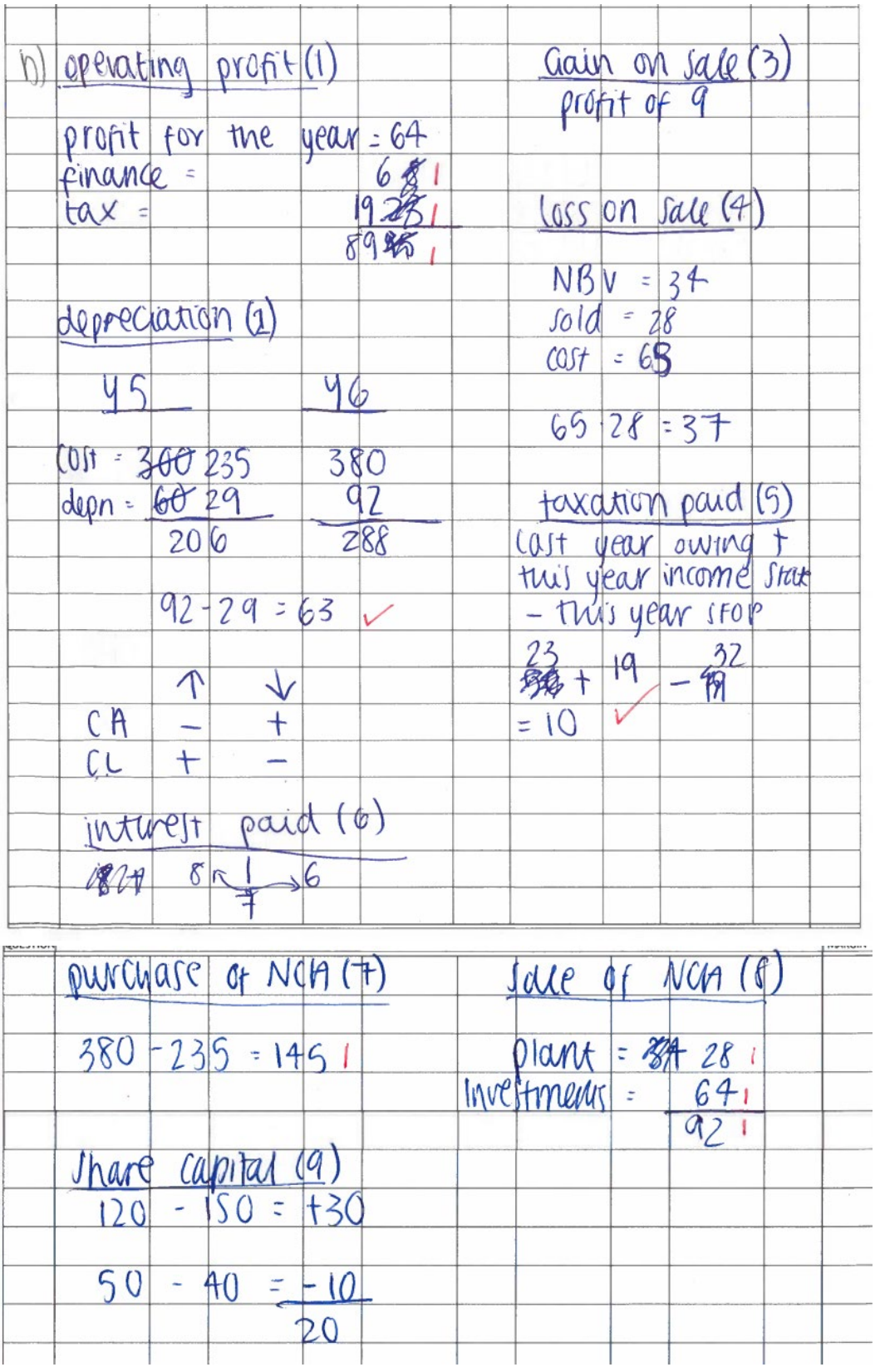
Candidate B evidence

29
36

Worksheet for Question 1

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

CASH FLOWS FROM OPERATING ACTIVITIES	£Million	£Million
Operating Profit (1)	~~115~~ 89 3	
Adjustments for:		
depreciation (2)	63 3	
Gain on sale of NCA (3)	-9 2	
loss on sale of NCA (4)	37 1C.	
Operating Cash Flow before Working Capital Changes	180	
inventory	3 1	
trade receivables	-7 1	
trade payables	-5 1	
other payables	+4 1	
Cash Generated from Operations	175	
taxation paid (5)	-10 4	
interest paid (6)	-7 0	
Net Cash from Operating Activities		158
CASH FLOWS FROM INVESTING ACTIVITIES		
purchase of NCA (7)	~~145~~ 145 1	
sale of NCA (8)	-92 3	
Net Cash used in Investing Activities		53
CASH FLOWS FROM FINANCING ACTIVITIES		
share capital (9)	20 4	
share premium	5 2	
debenture redemption	-20 2	
retained earnings	24 E	
dividends due	-4 x	
Net Cash used in Financing Activities		25
Net Increase/Decrease in Cash and Cash Equivalents		236 0 E

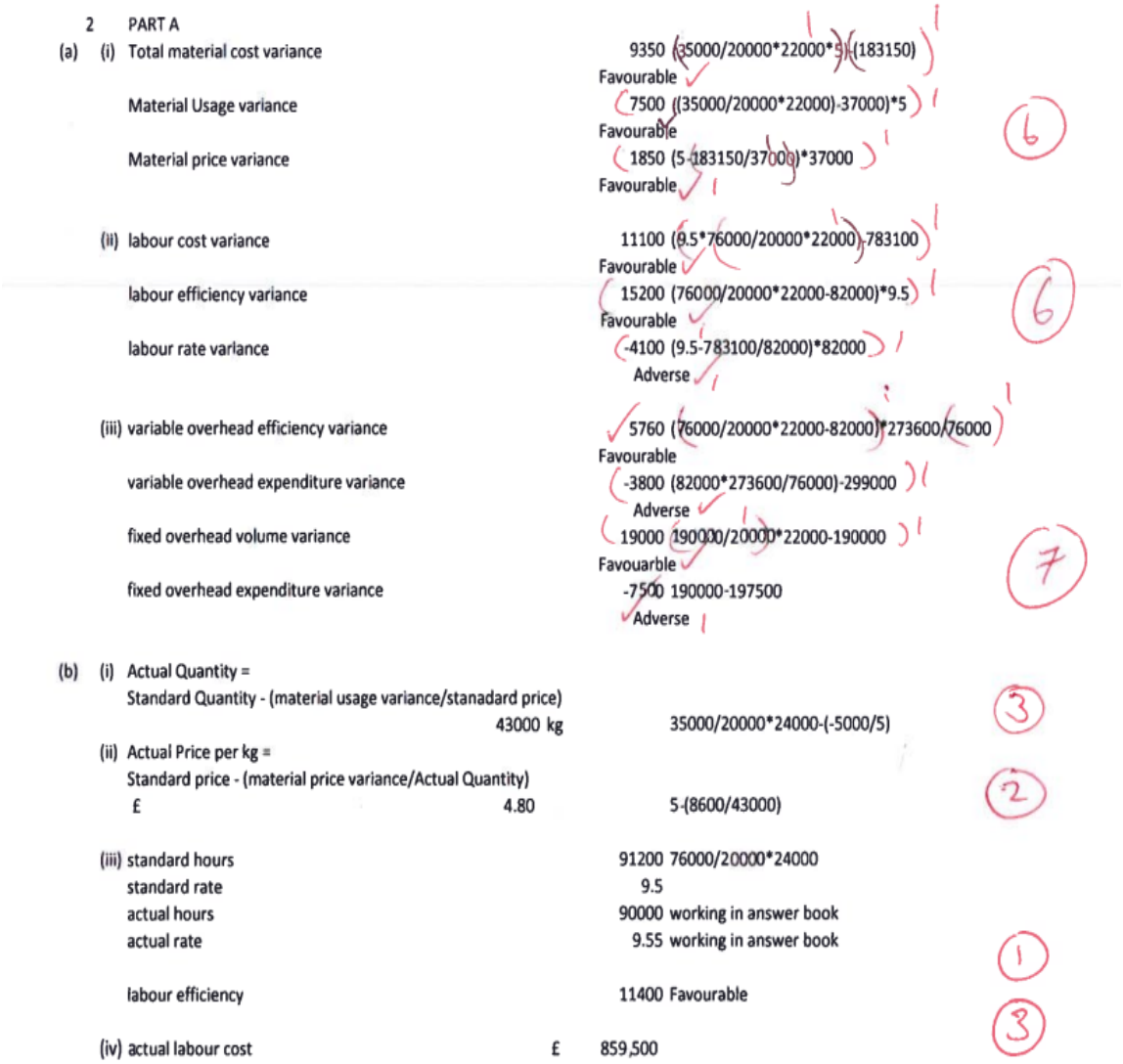


This candidate received **29 marks** for this response. Overall, the candidate's work demonstrated a high level of knowledge in this topic. A positive aspect of this response was the provision of supporting workings, which enabled the awarding of consequential marks which would otherwise have received no credit.

Question 2 part A Variances

The evidence for these candidates has achieved the following marks.

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

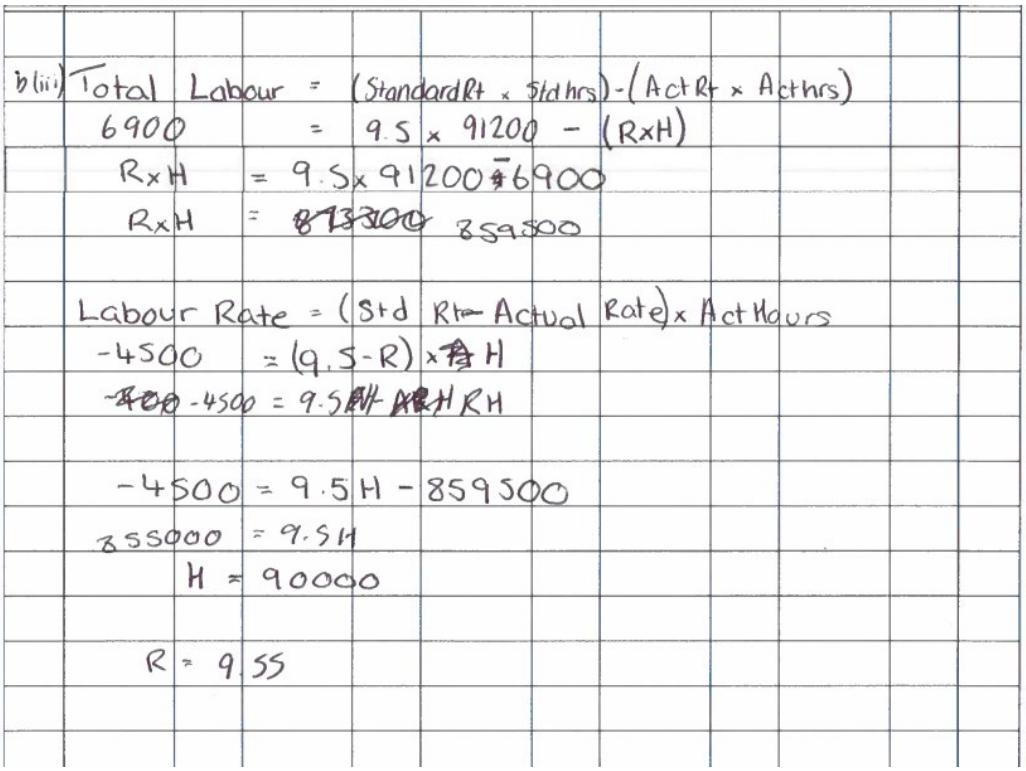
(b) (i) Actual Quantity =
Standard Quantity - (material usage variance/stanadard price)
43000 kg 35000/20000*24000-(-5000/5)

(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

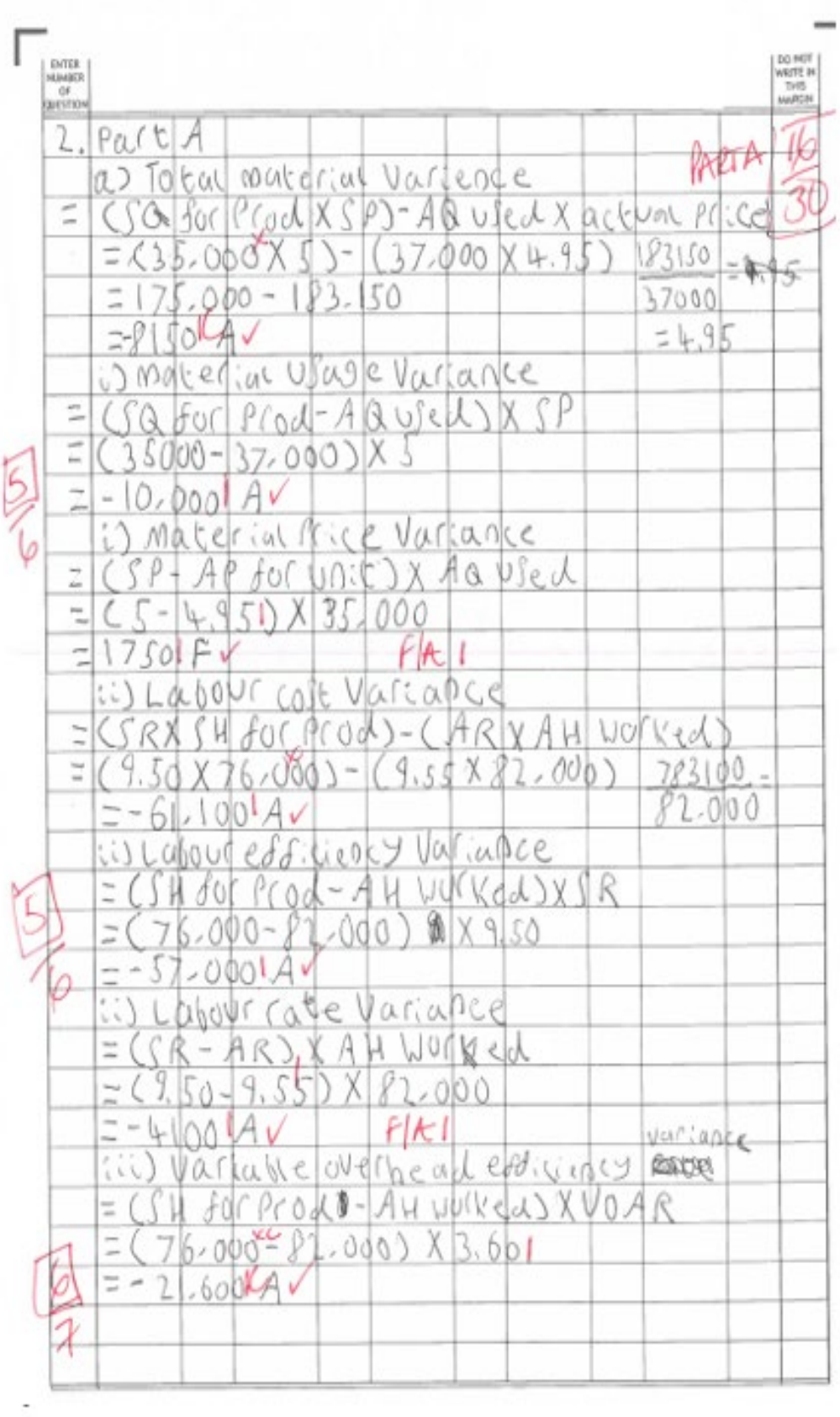
labour efficiency 11400 Favourable

(iv) actual labour cost £ 859,500



This candidate received **full marks** for this response. Thorough knowledge of the topic under examination was demonstrated throughout. A positive aspect of this response was the provision of supporting workings, which enabled the marker to identify all key figures and to award marks accordingly. This was especially important in (b) (i)-(iv) where manipulation of variance formulae is tested.

Candidate D evidence



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)

= 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 ✓ F/A

iii) Labour cost Variance

= (SR X SH for Prod) - (AR X AH worked)

= (9.50 X 76,000) - (9.55 X 82,000)

= -61,100 A ✓

iv) Labour efficiency Variance

= (SH for Prod - AH worked) X SR

= (76,000 - 82,000) X 9.50

= -57,000 A ✓

v) Labour rate Variance

= (SR - AR) X AH worked

= (9.50 - 9.55) X 82,000

= -4100 A ✓ F/A

vi) Variable overhead efficiency variance

= (SH for Prod - AH worked) X VOAR

= (76,000 - 82,000) X 3.60

= -21,600 A ✓

PART A 16/30

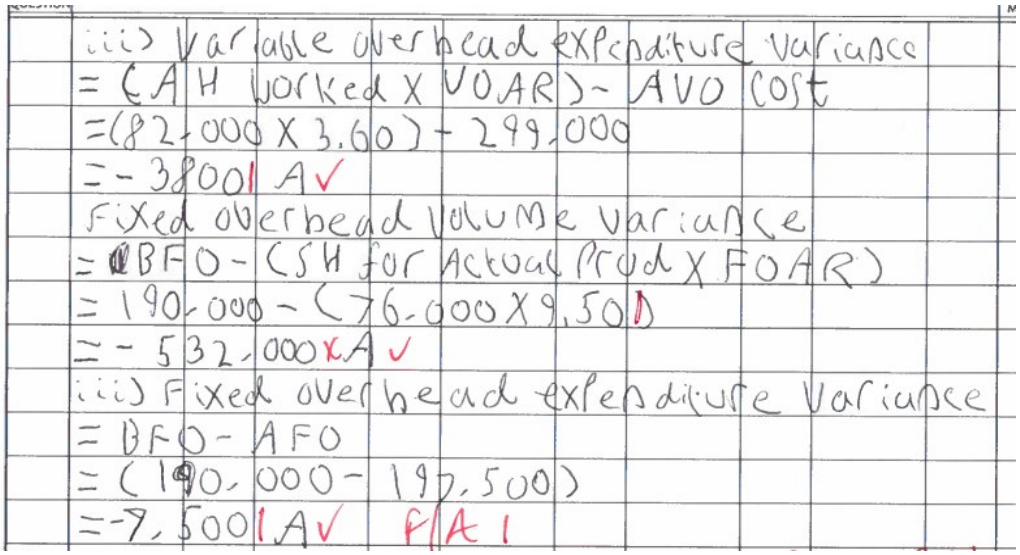
183150 / 37000 = 4.95

783100 / 82,000

5/6

5/10

10/7

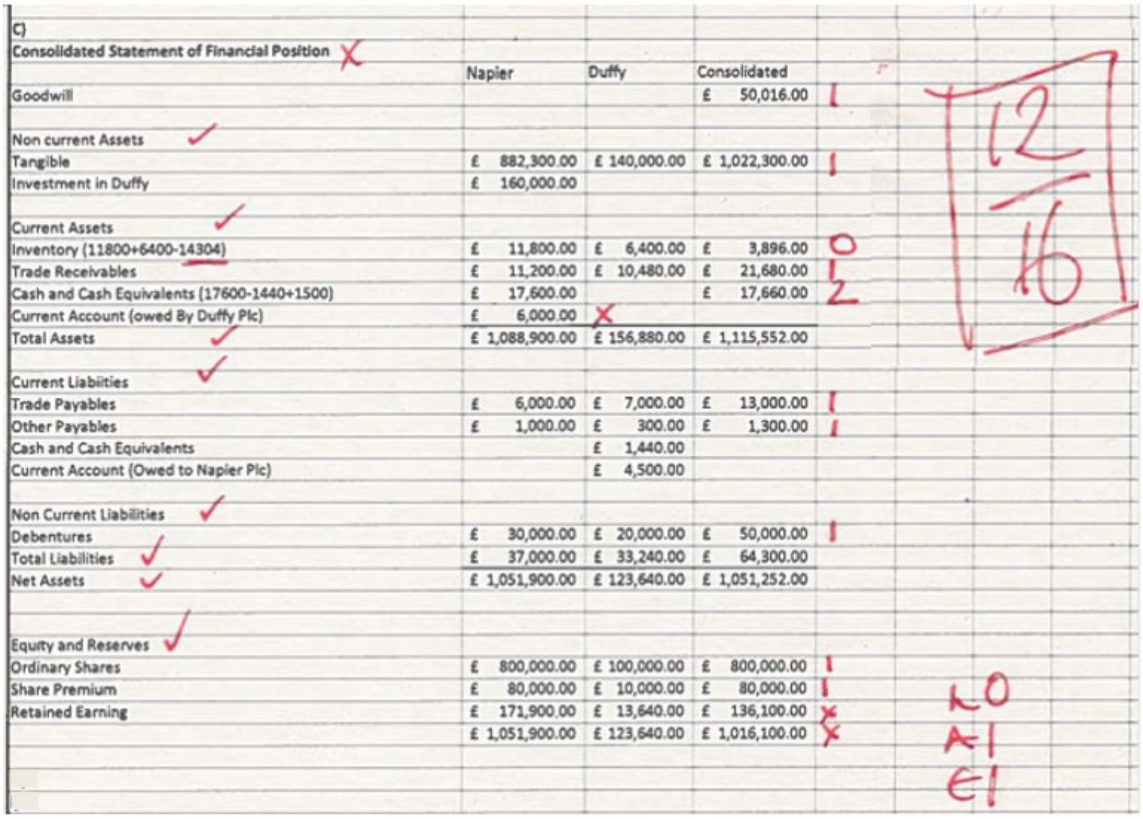


This candidate received **16 marks** for this response. Overall, there was a high level of knowledge of the topic under examination demonstrated in the candidate's work. The key area for development in this response is the understanding and calculation of standard quantities for actual output. However, a positive aspect of this response was the provision of supporting workings, which enabled the award of consequential marks following the calculation of the wrong standard quantity.

Question 3c Consolidated Statement of Financial Position

The evidence for these candidates has achieved the following marks.

Candidate E evidence



c)

Consolidated Statement of Financial Position	Napier	Duffy	Consolidated	
Goodwill			£ 50,016.00	1
Non current Assets				
Tangible	£ 882,300.00	£ 140,000.00	£ 1,022,300.00	1
Investment in Duffy	£ 160,000.00			
Current Assets				
Inventory (11800+6400-14304)	£ 11,800.00	£ 6,400.00	£ 3,896.00	0
Trade Receivables	£ 11,200.00	£ 10,480.00	£ 21,680.00	1
Cash and Cash Equivalents (17600-1440+1500)	£ 17,600.00		£ 17,660.00	2
Current Account (owed By Duffy Plc)	£ 6,000.00	X		
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	1
Other Payables	£ 1,000.00	£ 300.00	£ 1,300.00	1
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	1
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	1
Share Premium	£ 80,000.00	£ 10,000.00	£ 80,000.00	1
Retained Earning	£ 171,900.00	£ 13,640.00	£ 136,100.00	X
	£ 1,051,900.00	£ 123,640.00	£ 1,016,100.00	X

12
16
LO
A1
E1

This candidate received **12 marks** for this response. Overall, there was a good level of knowledge of the topic under examination demonstrated in this candidate's work. The candidate successfully consolidated key figures. The key area for development in this response is the unnecessary inclusion of parent/subsidiary statements of financial position. These receive no credit and could impact on the time taken to complete the response. Additionally, this response shows that failing to complete basic layout procedures, such as titling the statement properly, results in fewer marks being awarded.