

Candidate 1 evidence

ENTER NUMBER OF QUESTION	Sales Budget for January to June Year 3	DO NOT WRITE IN THIS MARGIN
	Jan Feb Mar Apr May Jun	
2-a)	Opening Inventory (units)	600 700 840 960 1080 1200
	Add Production (Units)	2000 2400 2500 2800 3200 3600 4000
	Less Sales (units)	2600 3120 3660 4160 4680 5200
	Closing Inventory (units)	720 840 960 1080 1200 750
b)	Cash Budget for March - May Year 3	
	Mar Apr May	
	£k £ £	
	Opening Balance.	20,000 8570 94
	Add Receipts.	
	Credit Sales - 1 month	14,364 16,884 19,404
	Credit Credit Sales - 2 months	12,502 15,162 17,822
	Cash sales.	37,520 37,520 42,120 48,760
	Equity Invested	0 0 40,000
	Premium broodmill	0 0 5,000
	Loan	2,000 0 0
	Sold Vehicles	0 5800 0
		76,386 70,966 130,946
	Less Payments	
	Materials.	38,400 44,900 49,000
	Labor	16,800 21,200 21,600
	Production Bonus.	0 200 1000
	Variable Overheads - 60%	83612 84408 4644
	Variable Overheads - 40%	2064 2408 2752
	Fixed Overheads.	2100 2100 2100
	Purchase of Vehicle	22,000 0 0
	Loan Repayment with interest	0 1060 1060
		84,976 72,296 76,976
	Closing Balance -	- 8570 94 54,064

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c) 1 way of improving a firm's liquidity would be to inject more ~~cash~~ finance into the business whether it's sourcing or method a loan or issuing shares. Finding a source of finance.

Another way would be to reduce expenses. This would then mean that the business will have more to spend in other areas such as improving liquidity.

Another method would be to invite a new partner, this way more finance can be invested into the firm and ~~the~~ ~~to~~ will increase cash flow.

d) 1 of the steps would be to carry out a revaluation account in order to split the ~~equity~~ profit/loss on revaluation with the existing partners.

Another ~~step~~ ~~step~~ would be to find the new profit sharing ratio including the new partner.

Another step would be to update the partners equity accounts with the new partner involved with ~~and~~ ~~and~~ ~~share~~ ~~of~~ ~~profit~~.

Candidate 2 evidence

2a)		Jan	Feb	Mar	Apr	May	Jun
Production		2,000	2,400	2,800	3,200	3,600	4,000
Opening inv		600	720	840	960	1,080	1,200
Closing inv		720	840	960	1,080	1,200	750
Sales units		1,880	2,380	2,680	3,080	3,480	4,450

b)		Mar	Apr	May
opening balance				
opening balance		£28,000	£28,740	£38,000
<u>Receipts</u>				
Sales cash		£39,200	£44,800	£55,400
Sales credit		£29,120	£34,440	£35,160
Vehicle sale			£8800	
loan		£12,000		
Partner equity				£33,000
Total		£80,320	£85,040	£125,160

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				Mar	Apr	May	
	Payments						
	Materials			£11,200			
	Materials			£38,400	£43,200	£11,000	
	Labour			216,900	219,200	£21,600	
	Production bonus				£200	£1,000	
	Fixed overheads			£2,100	£2,100	£2,100	
	Variable overheads			£1,500 £5,700	£6,000	£6,000 £6,000	
	Vehicle purchase			£22,000			
	Loan interest				£1,060	£1,060	
	Total			£84,580	£70,700	£79,760	
	Closing balance			£25,740	£25,740 £28,000	£25,740 £83,900	
	c) Assets such as machinery could be sold						
	They withdraw money held up in investments						
	Take out a loan						
	d) Signing of a partnership agreement						
	Outline of each new partner equity contribution						
	Outline of new partners profit/loss share.						

Candidate 3 evidence

ENTER NUMBER OF QUESTION							DO NOT WRITE IN THIS MARGIN
	Sales Budget						
2		JAN	FEB	MAR			
	Closing Inventory	720	840	960			
	Production	2000	2400	2800			
	Sales	2720	3210	3760			
		APR	MAY	JUN			
	Closing Inventory	1080	1200	350			
	Production	3200	3600	4000			
	Sales	4280	4800	4750			
b)	SALES	MAR	APR	MAY			
	Materials Opening Bal	20000	38376	56434			
	Credit Sales (1 month)	23688	23688	26964			
	Credit Sales (2 months)	18088	21546	25004			
	Cash Sales (+350 April)	52640	59520	67200			
	Total Sales	94416	105504	119168			
	Production						
	Materials	51360	57600	57000			
	Labour	22560	25680	28800			
	Production bonus	2120	3160	4200			
	Vehicle Sales	3750					
	Fixed Overheads						
	Variable Overheads						
	Loan	0	1000	1000			
	Partner Equity						
	total Production	76040	87440	91000			
	Closing Balance	38376	56434	84602			