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ACCA
Paper F2/FMA
Management Accounting
September and December 2015
Final Assessment

Instructions

- Please complete your personal details above.
- All scripts should ideally be submitted to your Kaplan centre for marking via email to help speed up the marking process. Please scan this form and your answer script in a single PDF and email it to your Kaplan centre.
- Alternatively you may post your script to us. If so, please use the correct Royal Mail tariff (large letter).
- Classroom students may submit scripts to their local centre in person.
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Marking Report

Notice to Markers

1   When commenting about the script performance, please ensure on individual questions and on overall assessment your comments cover areas of examination technique including:

• Time management	• Handwriting	• Presentation and layout	• Use of English
• Points clearly and concisely made	• Relevance of answers to question	• Coverage and depth of answer	• Accuracy of calculations
• Calculations cross-referenced to workings	• All parts of the requirement attempted	• Length of answers equates to marks available	• Read the question carefully

2   For each question, please provide suitable constructive comments

Question Number	General Comments	Exam Technique Comments

ACCA FINAL ASSESSMENT

Management Accounting

September and December 2015

Paper F2 and FMA

Time allowed   **2 hours**

This paper is divided into 2 sections:

Section A: All 35 questions are compulsory and MUST be attempted.

Section B: All THREE questions are compulsory and MUST be attempted.

Formulae Sheet is on page 3.

Do not open this paper until instructed by the supervisor.

This question paper must not be removed from the examination hall.

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FORMULAE AND TABLES

Regression analysis

$$y = a + bx$$

$$a = \frac{\sum y}{n} - \frac{b \sum x}{n}$$

$$b = \frac{n \sum xy - \sum x \sum y}{n \sum x^2 - (\sum x)^2}$$

$$r = \frac{n \sum xy - \sum x \sum y}{\sqrt{(n \sum x^2 - (\sum x)^2)(n \sum y^2 - (\sum y)^2)}}$$

Economic order quantity

$$= \sqrt{\frac{2C_o D}{C_h}}$$

Economic batch quantity

$$= \sqrt{\frac{2C_o D}{C_h(1 - \frac{D}{R})}}$$

Present value table

Present value of 1, i.e. $(1 + r)^{-n}$

Where   r = discount rate

         n = number of periods until payment

Periods	Discount rate (r)									
(n)	1%	2%	3%	4%	5%	6%	7%	8%	9%	10%
1	0.990	0.980	0.971	0.962	0.952	0.943	0.935	0.926	0.917	0.909
2	0.980	0.961	0.943	0.925	0.907	0.890	0.873	0.857	0.842	0.826
3	0.971	0.942	0.915	0.889	0.864	0.840	0.816	0.794	0.772	0.751
4	0.961	0.924	0.888	0.855	0.823	0.792	0.763	0.735	0.708	0.683
5	0.951	0.906	0.863	0.822	0.784	0.747	0.713	0.681	0.650	0.621
6	0.942	0.888	0.837	0.790	0.746	0.705	0.666	0.630	0.596	0.564
7	0.933	0.871	0.813	0.760	0.711	0.665	0.623	0.583	0.547	0.513
8	0.923	0.853	0.789	0.731	0.677	0.627	0.582	0.540	0.502	0.467
9	0.914	0.837	0.766	0.703	0.645	0.592	0.544	0.500	0.460	0.424
10	0.905	0.820	0.744	0.676	0.614	0.558	0.508	0.463	0.422	0.386
11	0.896	0.804	0.722	0.650	0.585	0.527	0.475	0.429	0.388	0.350
12	0.887	0.788	0.701	0.625	0.557	0.497	0.444	0.397	0.356	0.319
13	0.879	0.773	0.681	0.601	0.530	0.469	0.415	0.368	0.326	0.290
14	0.870	0.758	0.661	0.577	0.505	0.442	0.388	0.340	0.299	0.263
15	0.861	0.743	0.642	0.555	0.481	0.417	0.362	0.315	0.275	0.239

Periods	Discount rate (r)									
(n)	11%	12%	13%	14%	15%	16%	17%	18%	19%	20%
1	0.901	0.893	0.885	0.877	0.870	0.862	0.855	0.847	0.840	0.833
2	0.812	0.797	0.783	0.769	0.756	0.743	0.731	0.718	0.706	0.694
3	0.731	0.712	0.693	0.675	0.658	0.641	0.624	0.609	0.593	0.579
4	0.659	0.636	0.613	0.592	0.572	0.552	0.534	0.516	0.499	0.482
5	0.593	0.567	0.543	0.519	0.497	0.476	0.456	0.437	0.419	0.402
6	0.535	0.507	0.480	0.456	0.432	0.410	0.390	0.370	0.352	0.335
7	0.482	0.452	0.425	0.400	0.376	0.354	0.333	0.314	0.296	0.279
8	0.434	0.404	0.376	0.351	0.327	0.305	0.285	0.266	0.249	0.233
9	0.391	0.361	0.333	0.308	0.284	0.263	0.243	0.225	0.209	0.194
10	0.352	0.322	0.295	0.270	0.247	0.227	0.208	0.191	0.176	0.162
11	0.317	0.287	0.261	0.237	0.215	0.195	0.178	0.162	0.148	0.135
12	0.286	0.257	0.231	0.208	0.187	0.168	0.152	0.137	0.124	0.112
13	0.258	0.229	0.204	0.182	0.163	0.145	0.130	0.116	0.104	0.093
14	0.232	0.205	0.181	0.160	0.141	0.125	0.111	0.099	0.088	0.078
15	0.209	0.183	0.160	0.140	0.123	0.108	0.095	0.084	0.074	0.065

Annuity table

Present value of an annuity of 1, i.e. $\dfrac{1-(1+r)^{-n}}{r}$

Where   r = discount rate

        n = number of periods

Periods (n)	Discount rate (r)									
	1%	2%	3%	4%	5%	6%	7%	8%	9%	10%
1	0.990	0.980	0.971	0.962	0.952	0.943	0.935	0.926	0.917	0.909
2	1.970	1.942	1.913	1.886	1.859	1.833	1.808	1.783	1.759	1.736
3	2.941	2.884	2.829	2.775	2.723	2.673	2.624	2.577	2.531	2.487
4	3.902	3.808	3.717	3.630	3.546	3.465	3.387	3.312	3.240	3.170
5	4.853	4.713	4.580	4.452	4.329	4.212	4.100	3.993	3.890	3.791
6	5.795	5.601	5.417	5.242	5.076	4.917	4.767	4.623	4.486	4.355
7	6.728	6.472	6.230	6.002	5.786	5.582	5.389	5.206	5.033	4.868
8	7.652	7.325	7.020	6.733	6.463	6.210	5.971	5.747	5.535	5.335
9	8.566	8.162	7.786	7.435	7.108	6.802	6.515	6.247	5.995	5.759
10	9.471	8.983	8.530	8.111	7.722	7.360	7.024	6.710	6.418	6.145
11	10.368	9.787	9.253	8.760	8.306	7.887	7.499	7.139	6.805	8.495
12	11.255	10.575	9.954	9.385	8.863	8.384	7.943	7.536	7.161	6.814
13	12.134	11.348	10.635	9.986	9.394	8.853	8.358	7.904	7.487	7.103
14	13.004	12.106	11.296	10.563	9.899	9.295	8.745	8.244	7.786	7.367
15	13.865	12.849	11.938	11.118	10.380	9.712	9.108	8.559	8.061	7.606

Periods (n)	Discount rate (r)									
	11%	12%	13%	14%	15%	16%	17%	18%	19%	20%
1	0.901	0.893	0.885	0.877	0.870	0.862	0.855	0.847	0.840	0.833
2	1.713	1.690	1.668	1.647	1.626	1.605	1.585	1.566	1.547	1.528
3	2.444	2.402	2.361	2.322	2.283	2.246	2.210	2.174	2.140	2.106
4	3.102	3.037	2.974	2.914	2.855	2.798	2.743	2.690	2.639	2.589
5	3.696	3.605	3.517	3.433	3.352	3.274	3.199	3.127	3.058	2.991
6	4.231	4.111	3.998	3.889	3.784	3.685	3.589	3.498	3.410	3.326
7	4.712	4.564	4.423	4.288	4.160	4.039	3.922	3.812	3.706	3.605
8	5.146	4.968	4.799	4.639	4.487	4.344	4.207	4.078	3.954	3.837
9	5.537	5.328	5.132	4.946	4.772	4.607	4.451	4.303	4.163	4.031
10	5.889	5.650	5.426	5.216	5.019	4.833	4.659	4.494	4.339	4.192
11	6.207	5.938	5.687	5.453	5.234	5.029	4.836	4.656	4.486	4.327
12	6.492	6.194	5.918	5.660	5.421	5.197	4.968	4.793	4.611	4.439
13	6.750	6.424	6.122	5.842	5.583	5.342	5.118	4.910	4.715	4.533
14	6.982	6.628	6.302	6.002	5.724	5.468	5.229	5.008	4.802	4.611
15	7.191	6.811	6.462	6.142	5.847	5.575	5.324	5.092	4.876	4.675

SECTION A

ALL 35 QUESTIONS ARE COMPULSORY AND MUST BE ATTEMPTED

1 **Which of the following statements about fixed costs is true?**

	Tick the true statements
Fixed costs are constant per unit of output.	
Fixed costs are constant in total when production volume changes.	
Fixed costs are outside the control of management.	

2 A company orders in components from an outside supplier. The components cost $125 each, and 800 components are used in a year. The order cost is $50 per order and the holding cost is $8 per unit per year.

What would be the economic order quantity for these components?

A   100

B   26

C   791

D   16

3 A wine producer incurs the following three costs:

Which TWO of these are classified as distribution costs?

A   Rental of an off-site warehouse location.

B   Case storage costs (wine is stored on behalf of customers until delivery can take place).

C   Commission paid to wine brokers.

D   Cost of insurance for machinery.

4 A manufacturing company uses 28,000 components at an even rate during the year. Each order placed with the supplier of the components is for 1,500 components, which is the economic order quantity. The company holds a buffer inventory of 700 components. The annual cost of holding one component in inventory is $3.

What is the total annual cost of holding inventory of the component?

A $2,250

B $3,300

C $4,350

D $4,500

5 Regression analysis has produced the following results from the batch production costs for each of the past 6 months:

∑x   600

∑y   950

∑x^2 53,000

∑xy   88,560

Which of the following is the appropriate value for a and b in the regression line to 2 decimal places?

	a	*b*
A	143.33	0.15
B	66.33	0.92
C	0.15	143.33
D	0.92	66.33

6 **Which of the following KPIs would be used to assess the risk level of a company?**

1   Return on capital employed.

2   Gross profit percentage.

3   Acid test ratio.

4   Gearing ratio.

A   1 and 2 only

B   3 only

C   4 only

D   3 and 4 only

7 Caz currently pays its direct production workers on a time basis, at a rate of $8.20 an hour. In an effort to improve productivity, Caz is introducing a bonus based on (time taken ÷ time allowed) × time saved × rate per hour.

The standard time allowed for a worker in the assembly department to perform this particular operation once has been agreed at 45 minutes. In the first week of operation, an employee worked for a total of 45 hours and performed 99 operations.

The gross wages for this employee for that week, to 2 decimal places, is:

A $145.36

B $369.10

C $514.36

D $540.08

8   Below is a pie chart showing the colours of shirts ordered by one shop.

Shirt colours

Red, 15
Purple, 18
Green, 12
White, 35
Black, 20
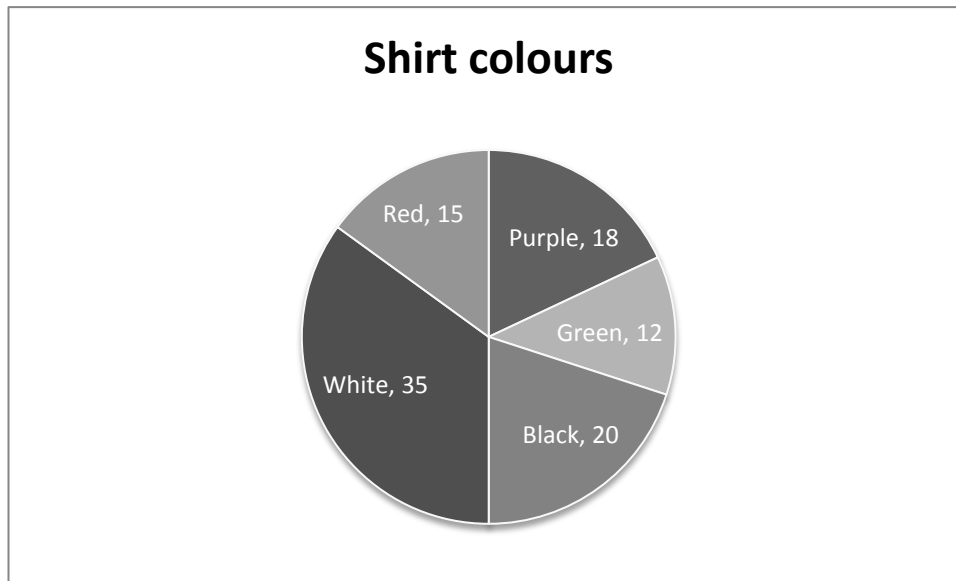
What is the angle of the wedge showing black shirts ordered?

```
                   °
```

9   A division has a residual income of $280,000 and a net profit before imputed interest of $740,000.

If it uses a rate of 10% for computing imputed interest on its invested capital, what is its return on investment (ROI) to the nearest whole number?

A   4%

B   10%

C   16%

D   27%

The following information relates to questions 10 to 12.

A product is manufactured in two processes. Details for the second process in period 4 were as follows:

Opening work-in-progress	Nil
Materials transferred from the first process	4,000 litres
Output transferred to finished goods	2,900 litres
Closing work-in-progress	1,100 litres

Closing work-in-progress is 100% complete for material and 60% complete for labour and overheads.

The cost per unit equivalent has been calculated at $3.32 per EU for materials and $2.20 per EU for labour and overheads.

There were no losses in the period.

---

10   **The equivalent units of output for labour and overheads for the period were:**

A   2,900 EU

B   3,440 EU

C   3,560 EU

D   3,800 EU

11   **What is the value of the closing work-in-progress?**

A $2,649.60

B $3,353.60

C $5,104

D $7,852

12   **What is the value of output?**

A $16,008

B $16,560

C $20,976

D $22,080

13   **Which of the following groups of workers would be classified as direct labour?**

A   Builders for a construction company

B   Supervisors of a production line

C   Maintenance workers in a shoe factory

D   Canteen staff in a factory

14 **For which of the following is a cost centre manager responsible?**

    A   Costs only

    B   Revenue only

    C   Costs and revenues

    D   Profit only

15 **Which of the following statements about variable costs is correct?**

Variable costs are conventionally deemed to:

    A   be constant per unit of output

    B   vary per unit of output as production volume changes

    C   vary in total when production volume is constant

    D   vary in total, from period to period when production is constant

16 A company uses standard marginal costing. Last month the standard contribution on actual sales was $25,000 and the following variances arose:

Total variable costs variance	$3,000 adverse
Sales price variance	$1,000 favourable
Sales volume contribution variance	$1,500 adverse

What was the actual contribution for last month?

$

17 **The most appropriate costing method to use by a company that makes individual products to order for customers is:**

    A   Standard costing

    B   Job costing

    C   Process costing

    D   Service costing

18 A company has recorded the following costs and activity levels for the last two months:

	Month 1	Month 2
Activity level (units)	15,000	18,000
Total costs ($)	82,500	93,000

What is the total cost at an activity level of 17,000?

$

19 M plc makes a single product which has a budgeted production cost of $38. This includes a fixed cost of $6 per unit based upon budgeted production of 15,000 units per month. In October actual production was 9,000 units and Sales were 10,500 units. The actual profit for the period was $44,000 prepared on a Marginal Costing basis.

If the profit statement were prepared using Absorption Costing the profit would be:

$

20 **The essence of systematic sampling is that:**

A   each element of the population has an equal chance of being chosen

B   members of various strata are selected by the interviewers up to predetermined limits

C   every nth member of the population is selected

D   every element of one definable sub-section of the population is selected

21 Budgeted production in a factory for next period is 2,600 units. Each unit requires two labour hours to make. Labour is paid $16 per hour. Idle time represents 20% of the total labour time.

What is the budgeted total labour cost for the whole period?

A $66,560

B $83,200

C $99,840

D $104,000

22 **Which of the following are features of Activity Based Costing?**

	Tick the feature
It provides more accurate product costs.	
It is simple to apply.	
It is a form of absorption costing.	
It is particularly useful when fixed overheads are very high.	

23 A company makes two products, Reds and Blues. Total fixed overheads to absorb during May are $60,000. Budgeted production levels for Reds for May are 10,000 units. Twice as many Blues as Reds are to be produced. Each Red takes 1 hour of labour and each Blue takes 0.25 hours. Overheads are to be absorbed on a labour hour basis.

What is the overhead absorption rate for each finished Blue?

A $0.25 per unit

B $1 per unit

C $4 per unit

D $16 per unit

24 Solid plc manufactures a single product using two processes. During November process one opening work in progress was 600 kg, each being 75% complete as to materials and 45% complete as to conversion costs. Additional materials added in the month were 2,800 kg.

At the end of the month 3,000 kg transferred to process 2, Closing work in progress was 400 kg, 60% complete for materials and 40% complete for conversion.

The FIFO method of valuation is used.

The equivalent units in the month were:

	Materials	Conversion
A	3,020	2,970
B	2,790	2,890
C	3,280	3,230
D	2,830	2,960

25 **Based on 20X1 as 100, use the information below to calculate the Laspeyre price index for 20X2.**

The managers of the restaurant wish to develop an index number series for measuring changes in food prices. As an experiment, they have chosen four items in general use which are summarised below:

	Prices per unit		Quantities	
	20X1	20X2	20X1	20X2
Milk (litres)	0.30	0.35	10,000	10,000
Eggs (boxes)	1.00	1.25	4,000	6,000
Olive Oil (litres)	0.45	0.52	5,000	5,500
Onions (kgs)	0.10	0.12	7,000	10,000

A   85.30

B   85.51

C   120.00

D   117.24

26 The following statements refer to qualities of good information:

1   It should be communicated to the right person.

2   It should be sufficiently accurate before it is used.

3   It should be understandable by the recipient.

Which of the above statements are correct?

A   1 and 2 only

B   1 and 3 only

C   2 and 3 only

D   1, 2 and 3

27 **Within target costing the analysis of factors affecting the cost of a product or service in order to devise a means of achieving the specified purpose most economically without compromising the quality and reliability of a product is called:**

A Value analysis

B Esteem value

C Value engineering

D Utility value

28 **When comparing the profits reported under absorption and marginal costing during a period when inventory has increased:**

A Absorption costing profits will be higher and closing inventory valuations lower than those under marginal costing.

B Absorption costing profits will be higher and closing inventory valuations higher than those under marginal costing.

C Marginal costing profits will be higher and closing inventory valuations lower than those under Absorption costing.

D Marginal costing profits will be lower and closing inventory valuations higher than those under Absorption costing.

29 The following measures have been calculated to appraise a proposed project.

The internal rate of return is 15%.

The company's cost of capital is 12%.

The payback period is 4 years.

Which of the following statements is correct?

A the payback is less than 5 years so the project should go ahead

B the IRR is higher than the cost of capital so the project should not go ahead

C the NPV of this project at the company's cost of capital will be negative

D the IRR is positive so the project should go ahead

30 **Which of the following statements are true?**

	True
Fixed budgets are the only type of budget used at the planning stage.	
Flexed budgets provide meaningful comparison to actual results.	
Budgeting procedures are only useful in maintaining control over the expenditure of a business.	

31 An organisation pays its 12 direct production workers a fixed weekly salary of $375 each for a 37.5 hour week. Overtime is paid at time and a half. In the last week, 520 hours were worked in total, which included 40 overtime hours worked at the specific request of a customer.

How much is charged to direct labour for the week?

A $5,550

B $4,500

C $5,400

D $5,100

32 A company uses standard costing. There are 6 standard hours required to produce 1 unit and production staff are paid at the standard rate of $9 per hour. Budgeted production is 700 units per month.

In November 750 units were produced, taking 4,750 hours at a cost of $41,150.

Calculate the labour efficiency and rate variances

	Labour efficiency variance	The labour rate variance
A	$2,250 adverse	$1,600 favourable
B	$2,250 favourable	$3,350 favourable
C	$4,950 favourable	$3,350 adverse
D	$4,950 Adverse	$1,600 Adverse

33 A company manufactures a single product. In a computer spreadsheet, the cells B1 to B12 contain the budgeted monthly sales units for the twelve months of next year in sequence, with January sales in cell B1 and finishing with December sales in B12. The company policy is for the closing inventory of finished goods each month to be 5% of the budgeted sales units for the following month.

Which of the following formulae will generate the budgeted production (in units) for July next year?

A   = [B7 + (0.05* B8)]

B   = [B7 – (0.05* B8)]

C   = [(1.05* B7) – (0.05* B8)]

D   = [(0.95* B7) + (0.05 * B8)]

34 Which TWO of the following statements about Batch costing are correct?

A   Unit cost per batch is calculated by dividing the total cost by the units in the batch.

B   Batch costing is a form of continuous operation costing.

C   Batch costing is used where the individual units produced in a batch are identical.

D   Batch costing is often used by service providers.

35 A company uses an overhead absorption rate of $6.00 per labour hour, based on 48,000 budgeted labour hours for the period. The actual overhead expenditure incurred was $294,250 and 21,500 units were produced, taking 46,250 hours.

Calculate the under or over absorption:

A   Under absorbed by $6,250

B   Under absorbed by $30,000

C   Under absorbed by $16,750

D   Under absorbed by $36,250

SECTION B

ALL THREE QUESTIONS ARE COMPULSORY AND MUST BE ATTEMPTED

1   Yarn Ltd manufactures and sells jumper. The most popular jumper produced is the 'Relaxed' design. The company operates a standard costing system. Fixed overheads are absorbed on a labour hour basis.

The cost card for one 'Relaxed' jumper is as follows:

Cost card for one 'Relaxed' jumper	Quantity	Rate
Wool A	2 metres	$2.00 per metre
Wool B	1 metre	$0.50 per metre
Labour	9.6 minutes	$7.50 per hour
Variable overheads		$5.00 per hour
Fixed overheads		$10.50 per hour

(a)   **Complete the standard cost card below for the budgeted volume for August – 20,000 'Relaxed' jumpers.   (0.5 marks for each correctly completed cell)**

INPUTS	QUANTITY	$
Wool A	metres	
Wool B	metres	
Labour	hours	
Variable overheads	hours	
Fixed overheads	hours	

The following were the actual results for the production of 'Relaxed' jumpers during this period:

Actual production	28,000 'Relaxed' jumpers
Actual quantity of Wool A used	58,000 metres
Actual quantity of Wool A bought	60,000 metres
Actual cost of Wool A bought	$150,000
Actual quantity of Wool B bought and used	29,500 metres
Actual direct labour hours worked	4,800 hours
Actual cost of labour	$36,480
Actual variable overheads	$17,000
Actual fixed overheads	$40,000

(b) **Calculate the following variances, stating if the variance is adverse or favourable using A or F:**

(i)	The material price variance for Wool A.		**(0.5 marks)**
(ii)	The material usage variance for Wool B.		**(0.5 marks)**
(iii)	The labour efficiency variance.		**(0.5 marks)**
(iv)	The labour rate variance.		**(0.5 marks)**
(v)	The variable overhead expenditure variance.		**(0.5 marks)**
(vi)	The variable overhead efficiency variance.		**(0.5 marks)**
(vii)	The fixed overhead expenditure variance.		**(0.5 marks)**
(viii)	The fixed overhead volume variance.		**(0.5 marks)**
(ix)	The fixed overhead capacity variance.		**(0.5 marks)**
(x)	The fixed overhead efficiency variance.		**(0.5 marks)**

(Total: 10 marks)

2 Damage Ltd will be replacing some machines in the next year and needs to decide whether to purchase or lease the machines. The company uses 10% as its cost of capital.

(a) **Calculate the NPV of purchasing the machine based upon the following:**

- Purchase price of $600,000.
- Annual running costs of $45,000 for the next five years, paid annually in arrears.
- A residual value of $220,000 at the end of the five years. **(2 marks)**

(b) **Calculate the NPV of leasing the machine for five years based upon the total annual costs of $135,000 paid annually in advance.** **(2 marks)**

(c) **Based on the calculations it is best to BUY/LEASE* the machine because it saves $_____.** **(2 marks)**

*circle the correct answer

(d) **What does the statement 'the level of sales is the principal budget factor' mean?**

A The level of sales will determine the level of cash at the end of the period.

B The level of sales will determine the level of profit at the end of the period.

C The company's activities are limited by the level of sales it can achieve.

D Only sales budgets are required for management accounts. **(2 marks)**

(e)   **Which of the following statements are true about IRRs?**

1   IRR ignores the time value of money

2   if the IRR exceeds the companies cost of capital the NPV at the company's cost of capital should be positive

3   it is not possible for one investment to have 2 IRRs

A   1 only

B   2 only

C   2 and 3 only

D   1, 2 and 3   **(2 marks)**

(Total: 10 marks)

3   The financial director has asked you to assess the performance of Rapid Stationery as they are considering whether or not to purchase the company so that they can expand into the world of stationery.

Rapid Stationery is a large supplier of stationery. It supplies both large and small stationery shops and also provides goods to some companies. It has over 30 depots located in various cities all over the UK and has a very good reputation in ensuring that all stationery is delivered with 48 hours of the order being placed. However in recent times the company has been struggling due to the economic climate which has seen revenue fall.

Rapid Stationery

Statement of Profit or Loss for the year ended 31 December 20X2

	20X2	20X1
	$000	$000
Revenue	8,907	9,975
Cost of sales	(4,174)	(5,248)
Gross profit	4,733	4,727
Less:		
Distribution costs	(1,022)	(1,150)
Administration expenses	(1,855)	(2,890)
Profit from operations	1,856	687
Finance costs	(25)	(36)
Profit before taxation	1,831	651
Taxation on profit	(360)	(250)
Profit for the period	1,471	401

Rapid Stationery

Statement of financial position as at 31 December 20X2

	20X2	20X1
ASSETS	$	$
Non-current assets		
Property, plant and equipment	4,840	4,140
	–––––	–––––
	4,840	4,140
Current assets		
Inventories	475	520
Trade receivables	1,145	1,100
Cash and cash equivalent	1,474	–
	–––––	–––––
	3,094	1,620
	–––––	–––––
Total assets	**7,934**	**5,760**
	–––––	–––––
EQUITY AND LIABILITIES		
Equity		
Called up share capital	2,000	1,000
Share premium account	1,500	–
Retained earnings	2,584	1,263
	–––––	–––––
	6,084	2,263
Non-current liabilities		
Long term loan	1,000	–
Current liabilities		
Trade payables	490	575
Taxation	360	250
Bank overdraft	–	2,672
	–––––	–––––
	850	3,497
	–––––	–––––
Total equity and liabilities	**7,934**	**5,760**
	–––––	–––––

The finance director has provided you with a list of ratios he wishes you to calculate. Calculate the following indicators, showing your answers to 1 decimal place.

Profitability		**20X2**	**20X1**
(a)	Gross profit margin		
(b)	Return on sales		
(c)	Return on capital employed		
Liquidity			
(d)	Current ratio		
(e)	Acid test ratio		
Activity			
(f)	Receivable days		
(g)	Payable days		
(h)	Inventory days		
Risk			
(i)	Gearing		
(j)	Interest cover		

(0.5 marks for each correctly completed cell)

(Total: 10 marks)