

**Level 4 Certificate in Management Consulting
10331**

UNIT 2 Analysing financial statements and reports

Time allowed: 1 hour 30 minutes



You must have:
(eg Resource Booklet)

You may use:

- Geometrical Instruments
- Tracing Paper

A calculator is **NOT** permitted

First name										
Last name										
Centre number						Candidate number				

INSTRUCTIONS

- Use black ink.
- Complete the boxes above with your name, centre number and candidate number.
- Answer **all** the questions.
- Write your answer to each question in the space provided.
- If additional space is required, use the lined page(s) at the end of this booklet. The question number(s) must be clearly shown.
- Do **not** write in the bar codes.

INFORMATION

- The total mark for this paper is 60.
- The marks for each question are shown in brackets [].
- Quality of written communication will be assessed in this paper.
- This document consists of **16** pages.

1 Superb Kitchens Ltd sells high quality kitchen cabinets. The following figures relate to Superb Kitchens Ltd's financial year ending 31 December 2017.

	£
Sales revenue	932 000
Cost of sales	447 000
Administrative expenses	234 000
Distribution expenses	132 000
Fixed (Non-current) assets at net book value	636 000
Stock (Inventory)	84 000
Trade debtors (Receivables)	120 000
Cash at bank	24 000
Trade creditors (Payables)	98 000
Accrued expenses	7 000

Other information:

- 75% of sales were on credit.
- 100% of purchases were on credit.
- Stock (Inventory) at 1 January 2017 was £76 000.

(a) Explain what is meant by the term 'net book value'.

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[2]

(b) Calculate the following financial ratios for Superb Kitchens Ltd. Show your workings clearly. Give your answer, where appropriate, correct to two decimal places.

(i) Gross profit margin

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(ii) Net profit margin

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(iii) Current ratio

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(iv) Quick (acid) ratio

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(v) Stock turnover (in days)

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(vi) Debtor turnover (in days)

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(vii) Creditor turnover (in days)

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- 2 The following information is extracted from the notes to financial statements and balance sheet (statement of financial position) of Bardo plc as at 31 December 2017.

	£	£
Ordinary shares of £2 each		800 000
Retained profits - 1 January 2017	260 000	
Profit for the year	216 000	
Dividend paid	<u>(100 000)</u>	
Retained profits - 31 December 2017		376 000
General reserve		<u>50 000</u>
Equity		<u>1 226 000</u>
8% debenture		150 000

The market price of Bardo plc's ordinary shares at 31 December 2017 was 360p.

- (a) Explain what is meant by each of the following.

- (i) Notes to financial statements

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(ii) Equity

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(b) Calculate the following financial ratios of Bardo plc for 2017. Show your workings clearly. Give your answer, where appropriate, correct to two decimal places.

(i) Earnings per share

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(ii) Price/earnings ratio

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(iii) Dividend yield

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(iv) Dividend cover

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(v) Gearing ratio

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(vi) Return on capital employed

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4 Identify **two** users of financial statements who are external to the business, and explain why each of them are interested in the financial statements.

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