

**OXFORD CAMBRIDGE AND RSA EXAMINATIONS**

**LEVEL 4 CERTIFICATE IN MANAGEMENT CONSULTING 10331**

**UNIT 2 ANALYSING FINANCIAL STATEMENTS AND REPORTING**

**TUESDAY 12 JUNE 2018**

**9.30 AM**

**TIME: 1 HOUR 30 MINUTES**

**INSTRUCTIONS TO CANDIDATES**

Fill in all the boxes below. Use CAPITAL LETTERS.

**CENTRE DETAILS**

Centre Number	Centre Name

COMPUTER REF

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**CANDIDATE DETAILS**

Surname or Family Name	First Name	Initials of Other Forenames	DATE OF BIRTH							
			D	D	M	M	Y	Y	Y	Y

- Do **NOT** open the booklet until told to do so by the Invigilator.
- Answer **ALL** questions.
- Write your answers in the spaces provided on the question paper.
- Additional paper may be used if necessary but you must clearly show your candidate number, centre number and question number(s).
- Use black ink.

**INFORMATION FOR CANDIDATES**

The number of marks is given in brackets [ ] at the end of each question or part question.

The total number of marks for this paper is **60**

You may use a calculator.

FOR EXAMINERS' USE ONLY			
1 (a)		2 (c)	
1 (b)		2 (d)	
1 (c)		3 (a)	
2 (a)		3 (b)	
2 (b)		4	
<b>TOTAL =</b>			

1 The following figures relate to Fasen Limited's financial year ending 31 December 2017.

	£
Sales	744 000
Cost of sales	588 000
Stock (Inventory)	114 000
Trade debtors	142 000
Trade creditors	105 000
Prepaid expenses	8 000
Accrued expenses	11 000
Bank overdraft	43 000

Stock (Inventory) at 1 January 2017 was £102 000. All sales and purchases were on credit.

(a) Calculate the following ratios for 2017. Show your workings clearly. Give your answers correct to two decimal places.

(i) Current ratio

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[2]

(ii) Quick (acid) ratio

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[2]

**(iii)** Stock (Inventory) turnover (in days)

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[2]

**(iv)** Debtor turnover (in days)

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[1]

**(v)** Creditor turnover (in days)

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[2]





2 The financial year of Polun Limited ends on 31 December. The following information is extracted from the financial statements for 2017.

	£
Equity (at 31 December 2017)	562 000
10% bank loan (borrowed on 1 January 2017)	150 000
Operating expenses	307 000
Sales	886 000
Cost of sales	526 000
Dividend paid	21 000

(a) State what is meant by the term 'operating expenses'.

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..... [1]

(b) Calculate each of the following ratios. Show your workings clearly. Give your answers correct to two decimal places.

(i) Mark-up

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..... [2]

(ii) Expenses as a percentage to revenue

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..... [1]

**(iii) Interest cover**

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[3]

**(iv) Dividend cover**

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[2]

**(v) Return on equity**

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[1]

(vi) Return on capital employed

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[2]

(c) Explain what is meant by the term 'cash ratio'.

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[2]





3 Charities and other not-for-profit organisations are required to produce income and expenditure accounts.

(a) Outline **two** components of an income and expenditure account.

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[6]

(b) Explain **two** reasons why the general public may be interested in the financial statements of charities and other not-for-profit organisations.

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[4]

4 The directors of a limited company propose a high dividend policy.

Explain **one** advantage and **one** disadvantage of this proposal.

Advantage.....

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Disadvantage .....

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[6]

**END OF QUESTION PAPER**



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