



## ATAR course examination, 2018

### Question/Answer booklet

# ACCOUNTING AND FINANCE

Please place your student identification label in this box

Student number: In figures

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In words

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### Time allowed for this paper

Reading time before commencing work: ten minutes

Working time: three hours

### Materials required/recommended for this paper

#### *To be provided by the supervisor*

This Question/Answer booklet

Multiple-choice answer sheet

Information booklet

Specifications booklet

Number of additional  
answer booklets used  
(if applicable):

#### *To be provided by the candidate*

Standard items: pens (blue/black preferred), pencils (including coloured), sharpener,  
correction fluid/tape, eraser, ruler, highlighters

Special items: non-programmable calculators approved for use in this examination

### Important note to candidates

No other items may be taken into the examination room. It is **your** responsibility to ensure that you do not have any unauthorised material. If you have any unauthorised material with you, hand it to the supervisor **before** reading any further.

## Structure of this paper

Section	Number of questions available	Number of questions to be answered	Suggested working time (minutes)	Marks available	Percentage of examination
Section One Multiple-choice	15	15	25	15	15
Section Two Short answer	5	5	120	169	70
Section Three Extended answer	2	1	35	30	15
<b>Total</b>					100

## Instructions to candidates

1. The rules for the conduct of the Western Australian external examinations are detailed in the *Year 12 Information Handbook 2018*. Sitting this examination implies that you agree to abide by these rules.

2. Answer the questions according to the following instructions.

Section One: Answer all questions on the separate Multiple-choice answer sheet provided. For each question, shade the box to indicate your answer. Use only a blue or black pen to shade the boxes. Do not use erasable or gel pens. If you make a mistake, place a cross through that square, then shade your new answer. Do not erase or use correction fluid/tape. Marks will not be deducted for incorrect answers. No marks will be given if more than one answer is completed for any question.

Section Two: Answer all questions. Show all calculations clearly in the space marked Workings for questions where calculations are applicable. Marks will be awarded principally for the relevant accounting and finance content. Write your answers in this Question/Answer booklet.

Section Three: Answer one question from a choice of two. Write your answers in this Question/Answer booklet.

3. You must be careful to confine your answers to the specific questions asked and to follow any instructions that are specific to a particular question.
4. Supplementary pages for planning/continuing your answers to questions are provided at the end of this Question/Answer booklet. If you use these pages to continue an answer, indicate at the original answer where the answer is continued, i.e. give the page number.
5. Some questions have been repeated in the Information booklet so that you can refer more easily to the information while answering the questions. Do not write your answers in the Information booklet. The Information and Specifications booklets are not to be handed in with your Question/Answer booklet.

**See next page**

**Section One: Multiple-choice****15% (15 Marks)**

This section has **15** questions. Answer **all** questions on the separate Multiple-choice answer sheet provided. For each question, shade the box to indicate your answer. Use only a blue or black pen to shade the boxes. Do not use erasable or gel pens. If you make a mistake, place a cross through that square then shade your new answer. Do not erase or use correction fluid/tape. Marks will not be deducted for incorrect answers. No marks will be given if more than one answer is completed for any question.

Suggested working time: 25 minutes.

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1. The 'time value of money' concept
  - (a) depends on the impact of inflation and interest rates.
  - (b) means that future cash flows will have a greater value due to inflation.
  - (c) means that any future profit will be in real terms.
  - (d) stabilises the buying power of the company's income.
  
2. General purpose financial reports are published to provide information to assist
  - (a) the decision-making of directors, managers, creditors and investors with an interest in the company.
  - (b) financial accountants with the preparation of the master budget for external stakeholders.
  - (c)

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[https://www.aasb.gov.au/admin/file/content105/c9/AASB1053\\_06-10\\_COMPjan15\\_07-15.pdf](https://www.aasb.gov.au/admin/file/content105/c9/AASB1053_06-10_COMPjan15_07-15.pdf)
  - (d) those internal and external users with a limited understanding of accounting practices and procedures.
  
3. Which of the following are characteristics of public and large proprietary companies?
  - (a) continuity of existence, separate legal entity, limited liability
  - (b) separate legal entity, unlimited liability, separation of ownership and control
  - (c) unlimited liability, direct control by shareholders, government control through the Corporations Act
  - (d) capacity to contract in the company's name, unlimited liability, capacity to issue shares
  
4. In the case of a company that is insolvent, it is the responsibility of directors to
  - (a) personally guarantee the company's debts.
  - (b) continue operating so that the company can trade its way out of trouble.
  - (c) appoint an administrator to run the company's affairs.
  - (d) seek additional borrowings so that the company can continue trading.

**See next page**

5.

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6. What are the four enhancing qualitative characteristics of financial statements?

- (a) materiality, comparability, timeliness, substance over form
- (b) relevance, materiality, reliability, comparability
- (c) understandability, timeliness, verifiability, comparability
- (d) relevance, faithful representation, prudence, completeness

Questions 7 and 8 relate to the following information for Shearan Traders Ltd.

Shearan Traders Ltd is considering investing in a new media project. The initial capital expenditure budget is limited to \$15,000,000. The company has a 16% target rate for return on capital investments. Projected cash flows for the project are given below:

	\$
Initial investment	(13,000,000)
Net after tax operating cash flows as at 31 December for the following years:	
Year 1	4,000,000
Year 2	4,000,000
Year 3	4,000,000
Year 4	4,000,000
Year 5	4,000,000
Year 6	4,000,000

7. The present value (PV) of the annual operating cash flows for the project is

- (a) \$14,738,800.
- (b) \$13,000,000.
- (c) \$11,261,200.
- (d) \$1,738,800.

8. What is the payback period, in years and months, for the project?
- (a) 3 years
  - (b) 3 years and 3 months
  - (c) 3 years and 4 months
  - (d) 4 years
9. DuaLeeper Ltd has reported a profit before tax of \$400,000. Total ordinary dividends declared and paid for the year were \$225,000. DuaLeeper Ltd has issued share capital of 450,000 \$4.00 ordinary shares. The market value for ordinary shares is \$5.00 per share. What is the dividend yield for DuaLeeper Ltd?
- (a) 10.00%
  - (b) 12.50%
  - (c) 17.78%
  - (d) 22.22%

Question 10 relates to the following extract from a company's Statement of comprehensive income.

**Bee-Burr Ltd**  
**Statement of comprehensive income (extract)**  
**for the year ended 30 June 2020**

	<b>\$</b>
Profit for the year (after tax and expenses)	108,000
Other comprehensive income, net of income tax	<u>450,000</u>
Total comprehensive income for the year	<u>558,000</u>

10. What does this statement show?
- (a) the company has expanded its operations during the year
  - (b) the company's net equity is likely to have increased during the year
  - (c) the company made a satisfactory profit over the year relative to its competitors
  - (d) the company's share price is likely to have increased during the year

Questions 11 and 12 relate to the following summarised cash budget for Kaanyeah Pty Ltd.

**Kaanyeah Pty Ltd**  
**Cash budget**  
**for the three months ending 31 December 2020**

	October	November	December
	\$	\$	\$
<b>Balance at the start of the month</b>	4,500	(20,500)	4,000
<b>Estimated receipts</b>			
Sales	124,000	135,000	143,000
Proceeds of bank loan	<u>          </u>	<u>30,000</u>	<u>          </u>
Total cash available	<u>128,500</u>	<u>144,500</u>	<u>147,000</u>
<b>Estimated payments</b>			
Purchase of inventory	71,000	76,000	82,000
Wages	19,000	21,000	23,000
Dividends		40,000	
Purchase of new equipment	56,000		
Sundry cash expenses	<u>3,000</u>	<u>3,500</u>	<u>4,500</u>
Total payments	<u>149,000</u>	<u>140,500</u>	<u>109,500</u>
<b>Balance at the end of the month</b>	<u>(20,500)</u>	<u>4,000</u>	<u>37,500</u>

11. This cash budget shows that in December the
- company's profitability is expected to decline.
  - company may have a short-term cash problem.
  - company's profitability is expected to improve.
  - company's cash situation is likely to improve.
12. The **best** solution to the company's October cash deficit would be to
- cancel the dividend.
  - defer payment for the equipment.
  - increase the amount of the bank loan.
  - reduce sundry cash expenses.
13. Short-term sources of funds for a business would **not** include
- negotiating a bank overdraft.
  - taking advantage of supplier credit.
  - using a credit card for all purchases.
  - an ordinary share issue.

14. What will be the effect of recording accrued expenses on financial ratios?
- (a) the quick asset and times interest earned ratios will increase
  - (b) the debt to equity and profit ratio will improve
  - (c) the debt to equity and profit ratio will decrease
  - (d) the quick asset and times interest earned ratios will decrease

15.

For copyright reasons this question cannot be reproduced in the online version of this document, but may be viewed at <https://tcacfin4.files.wordpress.com/2015/12/chapter-2-multichoice-questions.pdf> (Question 2)

**End of Section One**

**See next page**

## Section Two: Short answer

70% (169 Marks)

This section has **five** questions. Answer **all** questions. Write your answers in the spaces provided.

Show **all** calculations clearly in the space marked **Workings** for questions where calculations are applicable. Marks will be awarded principally for the relevant accounting and finance content.

Supplementary pages for planning/continuing your answers to questions are provided at the end of this Question/Answer booklet. If you use these pages to continue an answer, indicate at the original answer where the answer is continued, i.e. give the page number.

Suggested working time: 120 minutes.

## Question 16

(33 marks)

New Skate of Mind manufactures skateboards. The owner has provided you with the following information relating to the two most popular skateboards they manufacture:

- cruiser
- longboard.

The following information relates to the planned production and sale of the two skateboards.

	<b>Cruiser</b>	<b>Longboard</b>
Selling price per skateboard	\$180	\$240
Variable expenses per skateboard	\$70	\$100
Sales volume in units per year	3,600	2,400
Number of machine hours required to make each skateboard	5 hours per unit	7 hours per unit

Fixed costs are \$170,800 per year.

- (a) Calculate the budgeted contribution margin per unit for the cruiser and the longboard. (4 marks)

**Workings:**

Cruiser budgeted contribution margin per unit: \_\_\_\_\_

Longboard budgeted contribution margin per unit: \_\_\_\_\_

**See next page**



- (b) Calculate the number of units required to be sold of each product in order to break even. (12 marks)

**Workings:**

Cruiser break-even units: \_\_\_\_\_

Longboard break-even units: \_\_\_\_\_

**See next page**

Question 16 (continued)

(c) New Skate of Mind has been approached by Mystic Sk8 to make a special order of 500 shortboards at a price of \$200 each. These boards will be required to be branded with the Mystic Sk8 logo. The costs for the special order would be same as those of the longboard skateboards but New Skate of Mind would need to buy in a special piece of equipment costing \$4,000 to put the logo onto the special order.

(i) Calculate the total profit for New Skate of Mind before accepting the special order. (5 marks)

**Workings:**

Total profit before special order: \_\_\_\_\_

(ii) Due to capacity constraints, in order to accept the special order New Skate of Mind will have to forego some production in either the cruiser or the longboard. Outline how the business will determine which of these two skateboards will have its production levels reduced. (2 marks)

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- (iii) New Skate of Mind has determined that in order to accept the special order it will reduce production of the longboard by 400 units. Calculate the gain or loss on the special order. (8 marks)

**Workings:**

Gain/loss (circle whichever is correct) on the special order: \_\_\_\_\_

- (d) Describe how break-even analysis can assist New Skate of Mind in the decision-making process. (2 marks)

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## Question 17

(26 marks)

M-Sighrus Ltd manufactures a range of designer hand-beaded kaftans for the local market. It uses a job order costing system. Indirect manufacturing costs are allocated using a predetermined overhead rate based on the cost driver of direct labour hours.

At the beginning of 2020, the budgeted indirect manufacturing costs were forecast to be \$1,680,000. The estimated direct labour hours for 2020 were 120,000 hours.

The following information was extracted from M-Sighrus Ltd's accounting records for the month ended 31 October 2020:

- 2,500 kaftans were manufactured
- the standard costs for each kaftan were as follows:
  - direct materials: 3.7 square metres @ \$25.00 per square metre
  - direct labour: 2 hours per kaftan @ \$18.00 per direct labour hour
- direct materials purchased and used were 8,750 square metres at \$25.50 per square metre
- direct labour hours worked were 6,250 hours @ \$17.00 per hour.

- (a) Calculate the predetermined overhead rate. (2 marks)

**Workings:**

Predetermined overhead rate: \_\_\_\_\_

- (b) Calculate the standard cost for **one** kaftan manufactured during the month ended 31 October 2020. (6 marks)

**Workings:**

Standard cost for **one** kaftan: \_\_\_\_\_

See next page

(c) Calculate the following standard cost variances for the month of October 2020.

(i) Direct materials price variance: (4 marks)

**Workings:**

Direct materials price variance: \_\_\_\_\_

(ii) Direct materials usage variance: (5 marks)

**Workings:**

Direct materials usage variance: \_\_\_\_\_

**See next page**

Question 17 (continued)

(iii) Direct labour rate variance:

(4 marks)

**Workings:**

Direct labour rate variance: \_\_\_\_\_

(iv) Direct labour efficiency variance:

(5 marks)

**Workings:**

Direct labour efficiency variance: \_\_\_\_\_

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**See next page**

## Question 18

(41 marks)

The management of S-Bend Plumbing Pty Ltd has provided the following budgeted information for the two months ending 31 August 2020.

**S-Bend Plumbing Pty Ltd**  
**Cash budget**  
**for the two months ending 31 August 2020**

	July \$	August \$
<b>Opening bank balance</b>	120,000	105,854
<b>Estimated receipts</b>		
Cash sales	52,200	54,000
Collections from debtors/accounts receivable	10,950	13,050
Interest on investments	600	–
Proceeds from sale of equipment	81,900	–
<b>Total cash available</b>	<b>265,650</b>	<b>172,904</b>
<b>Estimated payments</b>		
Salesperson's salary	3,600	3,600
Administration expenses	2,700	2,700
Rent	6,000	–
Freight inwards	3,750	4,250
Equipment	108,000	–
Payments to creditors/accounts payable	34,920	36,750
Interest on loan	826	803
<b>Total payments</b>	<b>159,796</b>	<b>48,103</b>
<b>Closing bank balance</b>	<b>105,854</b>	<b>124,801</b>

**Additional information:**

- Sales are 80% cash and 20% credit. Credit terms are strictly 30 days and no discounts are offered.
- All purchases are on credit, with payment being made within 30 days to take advantage of a 5% discount received.
- The closing balance of the cost of sales account for July is anticipated to be \$45,072.
- Equipment was originally purchased for \$330,000 with a carrying amount of \$85,000 at the time of sale.
- Rent is paid quarterly. All other expenses are paid as they are incurred.
- Depreciation on all equipment is expected to be \$1,212 per month.



- (a) Prepare a Budgeted income statement for S-Bend Plumbing Pty Ltd for the month ending 31 July 2020. (19 marks)

**Workings:**



The management of S-Bend Plumbing Pty Ltd provided actual information relating to the month ended 31 July 2020.

- Collections from debtors/accounts receivable were \$7,050.
- Salesperson's salary was \$5,100.
- Administration expenses were \$2,500.
- Equipment purchased and paid for was \$130,000.
- Payments to creditors/accounts payable were \$38,900.
- Actual cash sales were 92% of budgeted cash sales.
- Gain on sale of equipment was \$5,900.
- All other receipts and payments were as budgeted.

- (b) (i) Use the information above to complete a Cash budget performance report for S-Bend Plumbing Pty Ltd for the month ended 31 July 2020. (11 marks)

**Workings:**

**S-Bend Plumbing Pty Ltd  
Cash budget performance report  
for the month ended 31 July 2020**

	<b>Budget \$</b>	<b>Actual \$</b>	<b>Variance \$</b>
<b>Opening bank balance</b>	120,000		
<b>Receipts</b>			
Cash sales	52,200		
Collections from debtors/accounts receivable	10,950		
Interest on investments	600		
Proceeds from sale of equipment	81,900		
<b>Total cash available</b>	<b>265,650</b>		
<b>Payments</b>			
Salesperson's salary	3,600		
Administration expenses	2,700		
Rent	6,000		
Freight inwards	3,750		
Equipment	108,000		
Payments to creditors/accounts payable	34,920		
Interest on loan	826		
<b>Total payments</b>	<b>159,796</b>		
<b>Closing bank balance</b>	<b>105,854</b>		

See next page

Question 18 (continued)

- (b) (ii) Identify **two** significant variances in the Cash budget performance report of S-Bend Plumbing Pty Ltd for the month ended 31 July 2020, outlining why each variance might have occurred. (4 marks)

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- (c) Explain the purpose of a cash budget performance report. (3 marks)

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## Question 19

(42 marks)

One Deduction Ltd provided the following trial balance (extract) as at 30 June 2020.

**One Deduction Ltd  
Trial balance (extract)  
as at 30 June 2020**

Account	Debit \$	Credit \$
Creditors/accounts payable		90,000
Debtors/accounts receivable	115,000	
Accrued wages		20,000
Accumulated depreciation – buildings		320,000
Accumulated depreciation – office equipment		70,000
Accumulated depreciation – plant and equipment		110,000
Allowance for doubtful debts		25,000
Buildings (at cost)	1,280,000	
Cash at bank		90,000
Cash on hand	15,000	
General reserve		770,000
Inventory	225,000	
Land (at cost)	2,500,000	
Long-term loan		748,570
Office equipment (at cost)	210,000	
Plant and equipment (at cost)	950,000	
Prepaid insurance	30,000	
Retained earnings (1 July 2019)	85,000	
Share capital		2,500,000
Term deposit (matures 1 March 2021)	80,000	

**Additional Information:**

- The final dividend of 6 cents per share declared at the 2019 annual general meeting was paid on 1 August 2019.
- An interim dividend of 5 cents per share was authorised and declared in January 2020 and paid on 22 January 2020.
- At the upcoming 2020 annual general meeting, the directors have resolved to recommend a final dividend of 10 cents to be paid.
- On 30 June 2020, One Deduction Ltd transferred \$20,000 to the general reserve.
- Share capital consists of 2,500,000, \$1.00 ordinary shares.
- Profit before tax at 30 June 2020 is \$1,021,430.
- On 30 June 2020, the directors established that the current fair value of land was \$2,800,000 and determined to record it at its fair value.
- The company tax rate is 30%.

**See next page**







- (c) Prepare the Statement of financial position for One Deduction Ltd as at 30 June 2020.  
(19 marks)

**Workings:**





## Question 20

(27 marks)

The equity account balances of Timberpool Ltd as at 1 July 2019 are provided below.

**Timberpool Ltd**  
**General ledger balances (extract)**

	\$
Ordinary share capital	4,200,000
General reserve	98,000
Retained earnings	239,000CR

The directors of Timberpool Ltd want to raise funds to expand the business globally.

On 10 October 2019, the company issued a prospectus offering 300,000 ordinary shares, payable in full on application, at an issue price of \$4.00 per share. The shares were fully subscribed and closed on 5 November 2019. The directors allotted the shares on 15 November 2019. Share issue costs of \$40,000 were paid on 15 November 2019.

- (a) Prepare the General journal entries needed to record the cash share issue and subsequent share issue costs, including any closing entries required. (8 marks)

**Workings:**



## Question 20 (continued)

**Timberpool Ltd**  
**Trial balance (extract)**  
**as at 30 June 2020**

	<b>Debit \$</b>	<b>Credit \$</b>
Creditors/accounts payable		192,000
Debtors/accounts receivable	315,000	
Accrued expenses		76,000
Accumulated depreciation – plant and equipment		145,000
Accumulated depreciation – office furniture and fittings		23,000
Cash at bank	360,000	
Goodwill	400,000	
Inventories	453,000	
Land and buildings	2,400,000	
Office furniture and fittings	230,000	
Plant and equipment	1,450,000	
Profit and loss summary (before tax)		1,184,000

**Additional Information:**

- Share capital at 1 July 2019 consisted of 4,200,000 ordinary shares at \$1.00 fully paid.
- The directors declared and paid an interim dividend of 14 cents per share on 1 March 2020.
- On 30 June 2020, the directors have resolved to:
  - provide \$355,000 for income tax expense
  - transfer \$150,000 profit to the general reserve
  - revalue land and buildings upwards by \$400,000
  - recommend that ordinary shareholders should receive a dividend of 15 cents per share.

- (b) Prepare the Statement of changes in equity for Timberpool Ltd for the year ended 30 June 2020. (13 marks)

**Workings:**







**Section Three: Extended answer****15% (30 Marks)**

This section has **two** questions based on stimulus material common to both Questions 21 and 22. You must answer **one** question. Write your answer in the space provided following Question 22.

If you use a page for planning, indicate this clearly at the top of the page.

Suggested working time: 35 minutes.

**Stimulus material for Questions 21 and 22**

Read the following material about B-Onn-Say Ltd for the year ended 30 June 2020 before selecting the question you will complete. The material is relevant to **both** questions.

The Chief Financial Officer for B-Onn-Say Ltd has provided you with draft copies of the Statement of cash flows, Statement of comprehensive income and extract of the Annual report.

**B-Onn-Say Ltd  
Statement of cash flows  
for the year ended 30 June 2020**

	\$
<b>Cash flows from operating activities</b>	
Receipts from customers	703,694
Payments to suppliers and employees	(611,659)
Cash generated from operations	92,035
Interest paid	(13,344)
Income taxes paid	(21,878)
<b>Net cash flow from operating activities</b>	<b>56,813</b>
<b>Cash flows from investing activities</b>	
Purchase of property, plant and equipment	(260,000)
Purchase of shares in other companies	(93,976)
Interest received	1,154
Dividends received	4,500
<b>Net cash flow from investing activities</b>	<b>(348,322)</b>
<b>Cash flows from financing activities</b>	
Net proceeds from bank borrowings	183,727
Net proceeds from the issue of shares	117,136
Dividends paid	(58,568)
<b>Net cash flow from financing activities</b>	<b>242,295</b>
<b>Net cash flow</b>	<b>(49,214)</b>
Cash and cash equivalents held at the beginning of the year	57,653
Cash and cash equivalents held at the end of the year	8,439

**See next page**

**B-Onn-Say Ltd**  
**Statement of comprehensive income**  
**for the year ended 30 June 2020**

	<b>Year ended 30 June 2019 \$</b>	<b>Year ended 30 June 2020 \$</b>
Revenue	599,526	750,000
Cost of sales	285,263	344,000
Gross profit	314,263	406,000
Less finance expenses	4,436	16,742
Less other expenses	240,042	247,847
Profit before income tax	69,785	141,411
Income tax	19,889	38,888
Profit after income tax	49,896	102,523
Gain on asset revaluation	–	25,000
Total comprehensive income	49,896	127,523

**B-Onn-Say Ltd**  
**Annual report (extract)**  
**for the year ended 30 June 2020**

B-Onn-Say Ltd has an employee share plan. The Chief Financial Officer received a large number of shares in the company as an annual performance-related bonus. This was related to the increase in profitability from 2019 to 2020.

<b>Ratio</b>	<b>Year ended 30 June 2019</b>	<b>Year ended 30 June 2020</b>	<b>Target key performance indicators (KPIs)</b>
Working capital/current ratio	1.50:1	1.39:1	1.50:1
Quick asset ratio	0.90:1	0.72:1	1:1
Debtor's collection period	53 days	67 days	30 days
Debt to equity	1.40:1	1.32:1	–

**See next page**

## Question 21

(30 marks)

Use the information provided to prepare a response for B-Onn-Say Ltd's management. Address the following:

- (a) Explain the purpose of an internal audit and an external audit of a company, with specific reference to the functions performed by each. (4 marks)
- (b) Accounting generates different forms of accounting information for different user groups. Explain the difference between internal and external reporting with respect to:
- the users of internal and external reports
  - the types of reports prepared for internal and external users of accounting information
  - the impact of accounting and other regulation on the preparation and distribution of internal and external reports. (8 marks)
- (c) With reference to the information provided, explain the purpose of annual reporting and the use of key performance indicators by the directors of B-Onn-Say Ltd for decision-making purposes. (4 marks)
- (d) Using the information provided, assess the profitability of B-Onn-Say Ltd as at 30 June 2019 and 30 June 2020. (4 marks)
- (e) Identify **two** additional sources of information and describe how they would assist you in assessing the financial position and performance of B-Onn-Say Ltd. (4 marks)
- (f) B-Onn-Say Ltd has given the Chief Financial Officer shares in the company. Discuss the statement, 'Employee share plans can pose an ethical issue as management is focused on short-term profitability to increase their share price as opposed to long-term business growth for the benefit of business owners/shareholders'. (6 marks)

or

See next page

**Question 22****(30 marks)**

Use the information provided to prepare a response for B-Onn-Say Ltd's management. Address the following:

- (a) Define the debt to equity ratio and explain why the ratio has decreased from 2019 to 2020, despite the increase in bank borrowings. (4 marks)
- (b) How could B-Onn-Say Ltd use the efficiency ratio of debtor's collection for planning, coordinating and controlling? Give an example of a step that could be taken if the standard credit terms are 30 days. (4 marks)
- (c) Explain why there is an amount relating to shares and dividends in both cash flows from investing activities and cash flows from financing activities. (4 marks)
- (d) The total comprehensive income for the company is different from the net cash flow from operating activities. Provide **three** possible reasons why these amounts are different and explain how they contribute to a difference between reporting of cash and accrual performance. (6 marks)
- (e) Describe **three** limitations of assessing business performance from financial statement analysis and traditional financial accounting. (6 marks)
- (f) The bank borrowings sourced were a standard five-year bank loan facility. Other than a bank loan, describe **three** other sources of long-term funds that might be available to B-Onn-Say Ltd. (6 marks)

**End of questions**























## ACKNOWLEDGEMENTS

- Question 2** Definition adapted from: Australian Accounting Research Foundation. (1990). *Statement of Accounting Concepts SAC 2: Objective of general purpose financial reporting* (p. 5). Retrieved May, 2018, from [http://www.aasb.gov.au/admin/file/content102/c3/SAC2\\_8-90\\_2001V.pdf](http://www.aasb.gov.au/admin/file/content102/c3/SAC2_8-90_2001V.pdf)
- Question 5** Leo, K., Hoggett, J., Sweeting, J., et al. (2009). *Company accounting 8<sup>th</sup> edition: Chapter 01 – Multiple choice quiz*. Retrieved May, 2018, from [http://www.johnwiley.com.au/highered/leo8e/content019/multiple\\_choice/mc\\_ch01\\_leo09.html?Hd1=](http://www.johnwiley.com.au/highered/leo8e/content019/multiple_choice/mc_ch01_leo09.html?Hd1=)
- Question 15** Krachler, K., Cannon, J., Durrant, C., et al. (2010). *Nelson accounting and finance for WA 3A3B: Chapter 2: Introduction to budgeting*. Retrieved May, 2018, from <https://tcacffin4.files.wordpress.com/2015/12/chapter-2-multichoice-questions.pdf>

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