S6 BAFS Practice Paper 3 | Partnerships, suspense, working capital, inventory, standard costing and appraisal

Senior Secondary BAFS

S6 BAFS practice paper 3 with worked answers: partnership, goodwill, suspense, accruals, depreciation, receivables, working capital, EOQ, inventory, NPV and profits tax.

1. Partnership accounts (18 marks)

Give amounts in dollars and show working.

#	Question
1	(a) A and B are partners with capital of $200,000 and $120,000, sharing profits 3:2. Annual profit is $150,000. Find each partner share.
2	(b) Existing partners capital totals $300,000. C brings $120,000 cash for a one-quarter share. Find C capital credit and goodwill.
3	(c) On dissolution a loss of $60,000 arises from the sale of assets, shared 3:2. Find each partner share of the loss.
4	(d) B lends $80,000 to the partnership at 6% per annum for 9 months. Find the interest payable.

2. Trial balance difference, adjustments and depreciation (16 marks)

Use the straight-line method; give amounts in dollars.

#	Question
5	(a) A trial balance shows debits of $486,300 and credits of $485,040. Find the difference and state whether the suspense account carries a debit or credit balance.
6	(b) Insurance of $2,400 was paid, of which $900 relates to next year. Find this year insurance expense and the prepayment.
7	(c) A machine costs $480,000 with residual value $30,000 and a 4-year life, straight-line. Find annual depreciation and net book value after 2 years.
8	(d) Accrued wages of $12,000 are unrecorded at year end. State the effect on profit and liabilities.

3. Receivables and working capital (16 marks)

Use 365 days a year; ratios to 2 decimal places.

#	Question
9	(a) Annual sales are $1,200,000, 75% on credit, average receivables $180,000. Find receivables turnover and average collection period.
10	(b) An invoice of $40,000 carries terms 2/10, n/30 and is paid on day 9. Find the amount paid.
11	(c) Receivables are $500,000; the allowance for doubtful debts is 3% and the existing credit balance is $4,000. Find the closing allowance and this year charge.

#	Question
12	(d) Current assets are $860,000 and current liabilities $430,000. Find working capital and the current ratio.

4. Inventory management and contribution (18 marks)

Round EOQ to the nearest unit; other answers to 2 decimal places.

#	Question
13	(a) Annual demand is 36,000 units, ordering cost $250 per order and holding cost $5 per unit per year. Find the EOQ.
14	(b) Lead time is 12 days, average daily usage 100 units and safety stock 400 units. Find the reorder point.
15	(c) Opening stock is 200 units at $20; 300 units are bought at $24. Under weighted average, 350 units are sold. Find unit cost, cost of sales and closing stock value.
16	(d) Selling price is $80, unit variable cost $48 and fixed costs $256,000. Find unit contribution, contribution margin ratio and break-even units.

5. Standard costing variances (16 marks)

State each variance as favourable (F) or adverse (A).

#	Question
17	(a) Standard material price is $12/kg, actual price $13/kg and actual usage 4,200 kg. Find the material price variance.
18	(b) Output is 1,000 units at a standard usage of 4 kg each; actual usage is 4,200 kg at the standard price of $12. Find the material usage variance.
19	(c) Standard wage rate is $18/hour, actual rate $17.5/hour and actual hours 1,900. Find the labour rate variance.
20	(d) Output is 1,000 units at a standard 2 hours each; actual hours are 1,900 at the standard rate of $18. Find the labour efficiency variance.

6. Investment appraisal and profits tax (16 marks)

Use an annuity factor of 3.1699 (10%, 4 years); amounts to the nearest dollar.

#	Question
21	(a) An investment of $500,000 yields $160,000 net cash flow a year for 4 years at a 10% discount rate. Find the present value and NPV.
22	(b) Using (a), find the payback period in years to 3 decimal places.
23	(c) Using (a), find the profitability index and state whether the project should be accepted.
24	(d) A limited company has assessable profits of $1,800,000 at a profits tax rate of 16.5%. Find the tax payable.