

**Feb 25 LCCI Level 3 Certificate in Accounting – Learning outcome 1 (2-mark questions)**

**2 questions – students to be given 1 random question from this bank of questions.**

**Question 1 (2 marks)**

The IASB framework identifies four enhancing characteristics that make financial statements useful.

Under which one of the following are users presented with financial information clearly and concisely?

	✓
Understandability	[✓]
Timeliness	
Comparability	
Verifiability	

MCQ

**Question 2 (2 marks)**

Which one of the following is an example of ethical behaviour by an accountant?

	✓
Valuing inventories in accordance with IAS 2 Inventories	[✓]
Valuing inventory at the higher of cost and net realisable value	
Valuing inventory in a subjective way	
Valuing inventory in order to maximise profits	

MCQ

**Feb 25 LCCI Level 3 Certificate in Accounting – Learning outcome 1 (4-mark questions)**

**2 questions – no variations on these.**

**Question 1 (4 marks – 1 mark for each correct answer shown in blue text)**

Listed below are four applications of ethical principles.

Identify which ethical principle is being applied using the drop-down options provided below.

Application	Ethical principle
The accountant is not influenced by the owner(s) to manipulate profits	[Objectivity]
The accountant is up to date with current accounting standards and legal developments	[Professional competence and due care]
Financial statements should not contain false or misleading figures or statements	[Integrity]
Information from the financial statements is only discussed with those entitled to know	[Confidentiality]

Drop-down options to be available in all answer boxes:

Integrity

Professional competence and due care

Objectivity

Confidentiality

**DROP DOWN OPTIONS**

**Question 2 (4 marks – 1 mark for each correct answer shown in blue text)**

Each of the individuals below are wanting to commence trading but are unsure as to which type of business organisation would suit them best.

Identify which type of business organisation matches their requirements using the drop-down lists provided below. Each option should only be used once in the most appropriate situation.

	Business organisation
Joe wants to trade as an electrician in his spare time. He wants to have complete control over which jobs he does and does not accept.	[Sole trader]
Kane and Michael are wanting to start a business as business advisors. Kane is particularly worried about starting this new business as he does not want to bear any personal financial risk.	[Private limited company]
Ewan and Lilia are wanting to start a business working together as mobile car mechanics. They want to be able to share profits evenly once the business expenses have been paid out of the business income.	[Partnership]
Jack and Harriet have worked together as marketing consultants for many years. They have an international client base and want to expand the business more overseas. To do this they need to be able to raise finance by issuing share to the public.	[Public limited company]

Drop down options to be available in all boxes:

Partnership  
Private limited company  
Public limited company  
Sole trader

#### DROP DOWN OPTIONS

### Feb 25 LCCI Level 3 Certificate in Accounting – Learning outcome 2 (2-mark questions)

2 questions – students to be given 1 random question from this bank of questions.

#### Question 1 (2 marks)

Complete the following sentence by selecting one of the options below.

The net realisable value of inventory is the estimated selling price...

	✓
Less all further costs of completion and estimated costs necessary to make the sale	[✓]
Less the mark up % to arrive at the cost price	
Plus all further costs of completion and estimated costs necessary to make the sale	
Less the margin % to arrive at the cost price	

#### MCQ

#### Question 2 (2 marks)

A business has been depreciating its plant and machinery using the straight-line method of depreciation at a rate of 20% for the last two years. The plant and machinery originally cost \$32000.

Following a review of the assets of the business it has been decided that the useful life should have been based on 6 years, and as such the business has decided to amend the depreciation charged to reflect this going forward.

Which one of the following identifies what the depreciation charge should be (to the nearest \$) in the year of the change to the useful life of the asset?

	✓
\$4800	[✓]
\$4267	
\$5333	
\$3200	

#### MCQ

**Feb 25 LCCI Level 3 Certificate in Accounting – Learning outcome 2 (4-mark questions)**

**5 questions – students to be given 4 random questions from this bank of questions.**

**Question 1 (4 marks)**

Jemima started her business on 1 June 20X2. The purchases and sales of inventory during the month of June were as follows:

Date	Purchases		Sales	
	\$ per unit	Units	\$ per unit	Units
4 June	200.00	3		
13 June			400.00	2
26 June	250.00	3		
28 June			400.00	2

Jemima uses the first in first out method of inventory valuation.

What was the gross profit for the month of June?

Enter your answer in whole \$ only and do not use any commas (,) or full stops(.).

[\$750]

INSERT VALUE

**Question 2 (4 marks)**

A business purchased a motor van on 1 November 20X3 for \$19600. The business uses the diminishing balance method of depreciation at a rate of 20%.

On 1 November 20X5, the business decides to part exchange the van purchased on 1 November 20X3 for a new van which has a list price of \$28400. The van dealer has offered \$11000 as a part exchange allowance (trade in allowance).

What is the profit or loss on the disposal of the van purchased on 1 November 20X3?

If a profit has been made on disposal, enter this as a positive value. If a loss on disposal has been made on the disposal, enter this as a minus figure by using a – before the value, for example a loss of \$50 would be entered as -50

Enter your answer in whole \$ only and do not use any commas (,) or full stops(.).

[\$-1544]

INSERT VALUE

**Question 3 (4 marks – 1 mark for each correct answer shown in blue text)**

Plant Co has opening balances on two accounts as follows:

- Equipment at cost of \$42500, and
- accumulated depreciation on equipment of \$18650.

Plant Co has a policy of depreciating equipment using the diminishing balance basis at a rate of 20% per annum assuming nil residual value.

Complete the table below to show the how the journal for depreciation for the current year would be posted using the drop-down options provided below.

	Drop down options
Debit to this account	[Equipment depreciation expense account]
Credit to this account	[Equipment accumulated depreciation account]
Amount to post for each entry	[\$4770]
Revised carrying amount of equipment at the end of the year	[\$19080]

**Drop down options:**

In the debit to this account and credit to this account boxes please have these available:

Equipment accumulated depreciation account

Disposal account

Equipment at cost account

Equipment depreciation expense account

In the amount to post for each entry and the revised carrying amount boxes please have these available:

\$19080

\$8500

\$34000

\$4770

\$23850

**DROP DOWN OPTIONS**

**Question 4 (4 marks)**

Charlotte values inventories in accordance with IAS 2 Inventories.

At the year end of 31 March 20X6, she has the following information relating to inventories:

Product	Quantity (units)	Cost per unit (\$)	Selling price (\$)	Costs to complete (\$)
A	16	24	50	12
B	20	32	40	10
C	15	8	22	6

Product B would normally sell for \$60 per unit, however some of the packaging boxes have been water damaged and so they will have to be discounted to \$40 to be able to sell them.

What is the closing inventory valuation of Charlotte as at 31 March 20X6?

Enter your answer in whole \$ only and do not use any commas (,) or full stops(.).

**\$[1104]**

**INSERT VALUE**

**Question 5 (4 marks)**

The main office of James Co had to be rewired to accommodate some new computer equipment including a main server. The work was completed by some employees of James Co as opposed to outsourcing to a contractor.

On the same day, the room was redecorated in the corporate colour scheme.

The costs incurred were:

	\$
Wages to rewire the room	2500
Materials to rewire the room	4100
Office re-paint	1000

What amount should be recorded as capital expenditure in the accounts of James Co for this transaction?

Enter your answer in whole \$ only and do not use any commas (,) or full stops(.).

**\$[6600]**

**INSERT VALUE**

**Feb 25 LCCI Level 3 Certificate in Accounting – Learning outcome 3 (4-mark questions)**

**2 questions – no variations on this one.**

**Question 1 (4 marks – 1 mark for each correct answer shown in blue text)**

You have been provided with the following extract from an incomplete extended trial balance.

Account	Initial trial balance		Adjustments	
	Debit (\$)	Credit (\$)	Debit (\$)	Credit (\$)
Machinery	42000			
Machinery: Accumulated depreciation		6240		1560
Purchases	14300			
Wages	4050			
Light and heat	2480		360	
Bank	1520		200	640
Accruals		420	80	

Complete the table below to show the figures that would appear in the extended columns for the Statement of Profit or Loss or Statement of Financial Position for each of the following accounts.

Enter your answers in whole \$ only and do not use any commas (,) or full stops(.).

Account	\$
Machinery accumulated depreciation	[7800]
Light and heat	[2840]
Bank	[1080]
Accruals	[340]

**INSERT VALUE**

**Question 2 (4 marks – 1 mark for each correct answer)**

You have been provided with an extract from an extended trial balance.

The following two adjustments have yet to be accounted for:

1. An accrual for light and heat amounting to \$650 is to be made
2. The allowance for doubtful receivables is to be adjusted to 5% of receivables

Account	\$
Prepayments	120
Plant and machinery	16400
Plant and machinery accumulated depreciation	4300
Allowance for doubtful receivables	900
Depreciation charge for the year	2150
Receivables	14300
Light and heat	3720

Answer the following questions regarding the adjustments above using the drop-down options provided below.

Question	Answer
Which side would adjustment number 1 appear on in the accruals account on the extended trial balance?	[Credit]
What would be the new balance on the light and heat account after the journal for adjustment number 1 had been done on the extended trial balance?	[\$4370]
Which side would adjustment number 2 appear on in the allowance for doubtful receivables account on the extended trial balance?	[Debit]
What value would each leg of the transaction be for in adjustment number 2?	[\$185]

Drop-down options to be available in each box:

Question	Drop-downs
Which side would adjustment number 1 appear on in the accruals account on the extended trial balance?	Debit Credit
What would be the new balance on the light and heat account after the journal for adjustment number 1 had been done on the extended trial balance?	\$650 \$3070 \$4370
Which side would adjustment number 2 appear on in the allowance for doubtful receivables account on the extended trial balance?	Debit Credit
What value would each leg of the transaction be for in adjustment number 2?	\$715 \$185 \$900

**DROP DOWN OPTIONS**



**Feb 25 LCCI Level 3 Certificate in Accounting – Learning outcome 4 (2-mark questions)**

**2 questions – no variations on this one.**

**Question 1 (2 marks)**

Which one of the following statements regarding a rights issue of shares is true?

	✓
A rights issue is offered to existing shareholders in proportion to their existing shareholding at a price below current market price.	[✓]
A rights issue is offered to existing shareholders in proportion to their existing shareholding at no cost.	
A rights issue involves transferring funds from reserves to the share capital account to pay for the share issue.	
A rights issue is offered at a discount to existing shareholders, which is then shown in the statement of profit or loss as an expense to the business.	

MCQ

**Question 2 (2 marks)**

Green & Co Ltd has a financial year end of 31 March 20X6. On 1 July 20X5, it acquired 80% of Shade Ltd who also has a financial year end of 31 March 20X6.

Which one of the following statements about the preparation of the Consolidated Statement of Profit or Loss for the year ending 31 March 20X6 is true?

	✓
The revenue shown in the Consolidated Statement of Profit or Loss will include nine months' worth of the total revenue from Shade Ltd.	[✓]
The expenses shown in the Consolidated Statement of Profit or Loss will include 80% of Shade Ltd's expenses for the year.	
The revenue shown in the Consolidated Statement of Profit or Loss will include 12 months' worth of the revenue from Shade Ltd.	
The Consolidated Statement of Profit or Loss will show a non-controlling interest amount equal to 20% of the group profit for the year.	

MCQ

**Feb 25 LCCI Level 3 Certificate in Accounting – Learning outcome 4 (4-mark questions)**

**4 questions – students to be given 3 random questions from this bank of questions.**

**Question 1 (4 marks – 1 mark for each correct answer)**

George and Isobel trade as a partnership. The financial year end is 31 March 20X5.

All the necessary year-end adjustments have been made and the profit for the year to be transferred to the partners current accounts is \$32600.

George and Isobel share profits and losses in the ratio of 3:2 with Isobel taking the larger share.

The balances on the current accounts prior to the transfer were:

- George \$1280 credit
- Isobel \$1640 debit

Answer the following questions using the drop-down options provided below.

Question	Answer
What will be the balance on George's current account after the transfer of the profit for the year?	[\$14320]
Which side of the current account will the balance carried down be on in George's current account as at 31 March 20X5?	[Debit]
What will be the balance on Isobel's current account after the transfer of the profit for the year?	[\$17920]
Which side of the current account will the opening balance on Isobel's current account be on as at 1 April 20X5?	[Credit]

Drop down options:

Box 1: \$14320, \$11760, \$20840, \$18280

Box 2: Debit, Credit

Box 3: \$17920, \$21200, \$14680, \$11400

Box 4: Debit, Credit

**DROP DOWN OPTIONS**

**Question 2 (4 marks)**

At 1 January 20X5, NJ Ltd had a balance of accrued interest payable amounting to \$14000.

During the year ended 31 December 20X5, NJ Ltd charged interest payable of \$43000 in the Statement of Profit or Loss.

The closing balance on the accrued interest payable account as at 31 December 20X5 was \$12000.

How much interest paid should NJ Ltd show on its Statement of Cash Flows for the year ended 31 December 20X5?

Enter your answer in whole \$ only and do not use any commas (,) or full stops(.).

[\$45000]

**INSERT VALUE**

**Question 3 (4 marks)**

On 1 January 20X4, Lift Co acquired 70% of the share capital of GC & Co for \$80000.

At the date of acquisition, the share capital of GC & Co consisted of 12000 ordinary shares of \$1 each and retained earnings of \$54200.

The fair value of the non-current assets of GC & Co at 1 January 20X4 were \$220000 and the carrying value at the same date was \$190000. The revaluation has not yet been accounted for in the accounts of GC & Co (ignore any effect on depreciation for the year).

At 31 December 20X4, the reserves of Lift Co were \$125000 and GC & Co were \$61900.

In the Consolidated Statement of Financial position for the year ended 31 December 20X4, what amount would appear for goodwill?

Enter your answer in whole \$ only and do not use any commas (,) or full stops(.).

**\$[12660]**

**INSERT VALUE**

**Question 4 (4 marks – 1 mark for each correct answer)**

The share capital of GH Ltd at the start of the financial year consisted of 120000 ordinary shares of \$1 each (nominal value).

During the year the company made a rights issue of 1 for 4 shares to existing shareholders at a price of \$1.80 per share.

The financial year end of the company is 31 December 20X4.

Answer the following questions assuming all rights were taken up and paid for in full.

Enter your answers in whole numbers or \$ only and do not use any commas (,) or full stops(.).

Question	Answer
How many shares did GH Ltd issue under the rights issue?	<b>[30000]</b>
What amount would appear as share capital as at 31 December 20X4 in the Statement of Changes in Equity?	<b>\$(150000)</b>
What amount would appear as share premium as at 31 December 20X4 in the Statement of Financial Position?	<b>\$(24000)</b>
How much cash did GH Ltd raise from the rights issue?	<b>\$(54000)</b>

**INSERT VALUES**

**Feb 25 LCCI Level 3 Certificate in Accounting – Learning outcome 5 (2-mark questions)**

**3 questions – students to be given 2 random questions from this bank of questions.**

**Question 1 (2 marks)**

Which one of the following correctly describes the gross profit markup?

	✓
Where gross profit is a percentage of the cost of sales	[✓]
Where gross profit is a percentage of revenue	
Where gross profit is a percentage of net profit	
Where gross profit is a percentage of capital employed	

MCQ

**Question 2 (2 marks)**

Pierre trades as a sole trader with a financial year end of 31 March.

On 1 April 20X3 the business had assets of \$16000 and liabilities of \$3500.

By the end of the year, the assets of the business were \$28000, and liabilities were \$6300.

Pierre contributed capital of \$5000 during the year.

Which one of the following represents the profit or loss made for the year ending 31 March 20X4?

	✓
Profit of \$4200	[✓]
Profit of \$9200	
Profit of \$14200	
Loss of \$9800	

MCQ

**Question 3 (2 marks)**

Elsie is the owner of EM Craft Supplies and has provided the following information about the business.

	\$
Opening payables	1320
Closing payables	1290
Payments for purchases made in the year	16350
Discounts received	120

The payments made in the year includes \$2420 of cash purchases.

Which one of the following identifies the amount of purchases on credit for the period?

	✓
\$14020	[✓]
\$16440	
\$13900	
\$16320	

MCQ

**Feb LCCI Level 3 Certificate in Accounting – Learning outcome 5 (4-mark questions)**

**3 questions – students to be given 2 random questions from this bank of questions.**

**Question 1 (4 marks)**

Harry runs a gardening services business as a sole trader.

The inventory at the beginning of the year was \$2800 which consisted of mostly plants and shrubs. Unfortunately, his entire closing inventory was destroyed due to adverse weather conditions and had to be disposed of.

He has provided the following information:

	\$
Sales for the year	68901
Purchases	48715
Goods are sold at a mark-up of:	40%

What was the value of the inventory that destroyed?

Enter your answer in whole \$ only and do not use any commas (,) or full stops(.).

**\$[2300]**

**INSERT VALUE**

**Question 2 (4 marks – 2 marks for each correct answer)**

You have been provided with the following information relating to KL Co.

	\$
Trade payables as at 1 April 20X4	21340
Discounts allowed	550
Credit purchases	71320
Bank payments to payables	58750
Contra offset between payables and receivables	2420

Answer the following questions. Enter your answers in whole \$ only and do not use any commas (,) or full stops(.).

Question	Answer
What was the closing balance as at 31 March 20X5 on the trade payables account?	<b>\$[31490]</b>
Assuming KL Co does not hold inventory and operates using a margin of 20%, what were the sales for the year ending 31 March 20X5?	<b>\$[89150]</b>

**INSERT VALUES**

**Question 3 (4 marks)**

The financial year end of PT Co is 31 March 20X4.

The balance on the receivables account of PT Co as at 1 April 20X3 was \$12340.

Credit sales during the year amounted to \$120450.

The trade receivables collection period was 33 days at the year end of 31 March 20X4.

Assume sales occur evenly throughout the year and that all balances outstanding as at 1 April 20X3 had been paid.

How much cash did PT Co receive from credit customers during the year to 31 March 20X4?

You should round your answers to the nearest \$ throughout your calculations and enter your answer in whole \$ only and do not use any commas (,) or full stops(.).

**\$[121900]**

**INSERT VALUE**

**Feb 25 LCCI Level 3 Certificate in Accounting – Learning outcome 6 (2-mark questions)**

**3 questions – students to be given 2 random questions from this bank of questions.**

**Question 1 (2 marks)**

A business has calculated the trade receivable collection period and has noticed a decrease from 41 to 36 days in recent months.

Which one of the following could be an explanation for this movement?

	✓
An increase in the level of prompt payment discount to customers.	[✓]
An increase in the credit terms offered to customers.	
A reduction in credit control activity.	
An increase in the price of goods sold.	

**MCQ**

**Question 2 (2 marks)**

Which one of the following could explain an improvement in the gross profit margin?

	✓
Planning orders with suppliers so quantities are ordered in a way which qualifies for bulk discounts.	[✓]
A reduction in the cost of carriage outwards due to securing a new contract with a courier.	
A reduction in the selling price resulting in greater sales volumes.	
Negotiating longer payment terms with suppliers.	

**MCQ**

**Question 3 (2 marks)**

Which one of the following correctly identifies the formula to be used when calculating the return on capital employed ratio for a limited company?

	✓
Profits from operations / (Total equity + Non current liabilities) x 100	[✓]
Profit after tax / Total equity x 100	
Profit after tax / (Total equity + Non current liabilities) x 100	
Profit from operations / (Total equity – Non current liabilities) x 100	

**MCQ****Feb 25 LCCI Level 3 Certificate in Accounting – Learning outcome 6 (4-mark questions)**

**3 questions – students to be given 2 random questions from this bank of questions.**

**Question 1 (4 marks – 1 mark for each correct answer shown in blue text)**

Match the following ratios to the component needed to calculate the ratio from the drop-down options provided.

Ratio	Component
Current ratio	[Current assets]
Gross profit margin	[Sales]
Trade payables payment period	[Cost of sales]
Return on capital employed	[Equity]

Drop down options to be available in all boxes:

Sales

Cost of sales

Current assets

Equity

**DROP DOWN OPTIONS**

**Question 2 (4 marks – 2 marks for each correct answer shown in blue text)**

You have been provided with the following extracts from the financial statements for a limited company for the year ending 31 March 20X3.

	\$
Revenue	88600
Cost of sales	<u>32782</u>
Gross profit	55818
Less expenses	<u>18370</u>
Profit from operations	37448

	\$
Non-current assets	125000
Current assets	
Inventory	6830
Receivables	7039
Cash and cash equivalents	<u>24630</u>
	38499
Current liabilities	5490

Calculate the following ratios and **you must show your answers to the nearest whole number.**

Trade receivables collection period (days)	[29] days
Gross profit margin (%)	[63] %

INSERT VALUE



**Question 3 (4 marks – 2 marks for each correct answer shown in blue text)**

You have been provided with the following extracts from the financial statements for a limited company for the year ending 30 November 20X4.

	\$
Sales	130640
Cost of sales	67950
Gross profit	62690
Less expenses	24580
Net profit for the period	38110

	\$
Non-current assets	128000
Current assets	
Inventories	10200
Receivables	13210
Bank	38600
	62010
Current liabilities	38530

Calculate the following ratios and show your answers to **1 decimal place for both ratios**, for example an answer of 2 should be entered as 2.0 and do not use any commas. A full stop should be used to separate the decimal point.

Inventory turnover	[6.7] times
Quick ratio (acid test)	[1.3] : 1

INSERT VALUE

**Feb 25 LCCI Level 3 Certificate in Accounting – Learning outcome 7 (4-mark questions)**

**2 questions – no variations.**

**Question 1 (4 marks)**

You are preparing a trade receivables budget for the year quarter ending 31 December 20X5.

The balance on the trade receivables account at the end of September 20X5 was \$38410.

Credit sales are expected to be as follows:

October 20X5	November 20X5	December 20X5
\$110200	\$108600	\$126730

Based on past events, trade receivables are expected to pay as follows:

Paid in the month of sale	20%
Paid within one month of sale	60%
Paid within two months of sale	20%

What amount will be showing as outstanding for receivables as at 31 December 20X5?

Enter your answer in whole \$ only and do not use any commas (,) or full stops(.).

**\$[123104]**

**INSERT VALUE**

**Question 2 (4 marks)**

HG Co has prepared the sales budget shown below for the quarter ending March 20X2.

	January 20X2	February 20X2	March 20X2
<b>Units</b>	4000	3000	5500

The company policy is for the month end inventory to equal half of the following month's sales demand.

How many units would HG Co need to produce in February 20X2

Enter your answer in whole units only and do not use any commas (,) or full stops(.).

**[4250]** units

**INSERT VALUE**

**Feb 25 LCCI Level 3 Certificate in Accounting – Learning outcome 8 (2-mark questions)**

**3 questions – students to be given 2 random questions from this bank of questions.**

**Question 1 (2 marks)**

Which one of the following is an advantage of absorption costing when compared to marginal costing?

	✓
Fixed costs are taken into account and can be a significant part of total costs	[✓]
It avoids subjective allocation and absorption of overheads	
It is more relevant for short term decision making	
It encourages over-production	

MCQ

**Question 2 (2 marks)**

Clifton Co is analysing three projects under consideration. The primary objective is maintaining the liquidity of the business.

Which one of the following methods of investment appraisal would be the most suitable for Clifton Co to use?

	✓
Payback	[✓]
Net present value	
Internal rate of return	
Accounting rate of return	

MCQ

**Question 3 (2 marks)**

Product BC01 is manufactured by Pear Ltd in batches of 25 units.

The following cost estimates have been produced per batch:

Cost estimates	\$
Direct materials	3550
Direct labour	7500
Variable production overheads	2250
Fixed production overheads	1500
Administration, selling and distribution costs	2250

What is the estimated marginal production cost **per unit**?

	✓
\$532	[✓]
\$592	
\$442	
\$682	

MCQ

**Feb 25 LCCI Level 3 Certificate in Accounting – Learning outcome 8 (4-mark questions)**

**4 questions – students to be given 3 random questions from this bank of questions.**

**Question 1 (4 marks)**

A business sells a single product, the PC01.

A target profit of \$94500 for the period has been set.

The fixed costs of the business are \$225000.

The product sells for \$320 and provides a contribution of \$150 per unit.

How many units does the business need to sell in order to generate the required target profit?

Enter your answer in whole units only and do not use any commas (,) or full stops(.).

[2130] units

INSERT VALUE

**Question 2 (4 marks)**

East Co is considering investing \$90000 in an asset which is expected to yield the following cash flows over the next five years.

Year	Cash flow (\$)
1	36000
2	42000
3	25000
4	22000
5	10000

At the end of its life, the asset is expected to be sold for \$8000.

The company uses a cost of capital of 15% for the purposes of net present value calculations. The discount factors are shown below.

Year	Discount factor
1	0.870
2	0.756
3	0.658
4	0.572
5	0.497

Calculate the net present value of the asset. Enter your answer in whole \$ only and do not use any commas (,) or full stops(.).

[\$11052]

INSERT VALUE

**Question 3 (4 marks)**

The budgeted profit statement for Department C of Shelve Ltd has been provided below.

	\$
Sales	400000
Variable costs	160000
Contribution	240000
Fixed costs	90000
Profit	150000

What is the break-even point for Department C in terms of revenue?

Enter your answer in whole \$ only and do not use any commas (,) or full stops(.).

[\$150000]

INSERT VALUE

**Question 4 (4 marks – 2 marks for each correct answer)**

You have been provided with the following information regarding a project TG Ltd is considering undertaking.

	Project A (\$)
Capital investment required	70000
Annual cash flows generated by each project:	
Year 1	16000
Year 2	22000
Year 3	28000
Year 4	24000
Year 5	19000

Calculate the payback period for the project in years and months and enter this in the table below. Round your answer up to the nearest whole month.

Payback	Years = [3]	Months = [2]
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INSERT VALUE