

Please check the examination details below before entering your candidate information

Candidate surname				Other names			
Centre Number				Candidate Number			

Pearson Edexcel International Advanced Level

Friday 23 May 2025

Afternoon (Time: 3 hours)

Paper reference **WAC12/01**

Accounting

International Advanced Level

UNIT 2: Corporate and Management Accounting

You must have:
Source Booklet (enclosed)

Total Marks

Instructions

- Use **black** ink or ball-point pen.
- **Fill in the boxes** at the top of this page with your name, centre number and candidate number.
- Answer **both** questions in Section A and **three** questions from Section B.
- All calculations must be shown.
- Answer the questions in the spaces provided
– *there may be more space than you need.*
- Do not return the Source Booklet with the question paper.

Information

- The total mark for this paper is 200.
- The marks for **each** question are shown in brackets
– *use this as a guide as to how much time to spend on each question.*
- Calculators may be used.
- The source material for use with Questions 1 to 6 is in the enclosed Source Booklet.

Advice

- Read each question carefully before you start to answer it.
- Check your answers if you have time at the end.

Mohammad Abdullah Al Mamun
Principal
American International Tutorial
(An English Medium School)

Turn over ►

P78803A

©2025 Pearson Education Ltd.
Y:1/1/1/1




Pearson

SECTION A

Answer BOTH questions in this section.

Source material for Question 1 is on pages 2 to 4 of the Source Booklet.

- 1 (a) Calculate the weighted average cost of capital of Option B.

(6)

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

- (b) Identify the appropriate option to finance the project, giving a reason for your choice.

(2)

.....

.....

.....

.....

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA



(c) Calculate the net present value of the project at the end of year five.

(22)

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

Handwriting practice area with 20 horizontal dotted lines.



DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA



DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

Handwriting practice area with 24 horizontal dotted lines.



DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

(d) Calculate the average rate of return of the project, stating the formula used.

(9)

Handwriting practice area with horizontal dotted lines.



DO NOT WRITE IN THIS AREA

(e) Calculate the profitability index of the project, stating the formula used.

(4)

Handwriting practice area with horizontal dotted lines.



(f) Evaluate the project from the point of view of Metropolis Traffic plc.

(12)

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA



DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

Handwriting practice area with 20 horizontal dotted lines.

(Total for Question 1 = 55 marks)



Source material for Question 2 is on pages 6 and 7 of the Source Booklet.

2 (a) (i) State **two** examples of revenue reserves found in a company's accounts.

(2)

1

.....

2

.....

(ii) State how a revenue reserve is created.

(1)

.....

.....

.....

(iii) State **two** uses of revenue reserves.

(2)

1

.....

.....

2

.....

.....

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA



(b) (i) State **two** examples of capital reserves, other than share capital, found in a company's accounts.

(2)

1

.....

2

.....

(ii) State how **each** of the reserves given in part (b)(i) is created.

(4)

1

.....

.....

.....

2

.....

.....

.....

(iii) State **one** use of **each** of the capital reserves given in part (b)(i).

(2)

1

.....

2

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....



(c) Prepare the Journal entries to show the redemption as recorded in the books.

Dates and narratives are **not** required.

(6)



DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

(4)



- (e) Prepare the Journal entries to show the dividend payment to redeemable preference shareholders as recorded in the books.

Dates and narratives are **not** required.

(6)



(f) Calculate the dividend per share paid to remaining shareholders in March 2025.

(10)

DO NOT WRITE IN THIS AREA

Handwriting practice area with horizontal dotted lines.



- (g) Evaluate the decision of the directors to use **all** of the balance left in Retained earnings to pay a final dividend to remaining ordinary shareholders.

(12)



DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

(Total for Question 2 = 55 marks)

TOTAL FOR SECTION A = 110 MARKS



SECTION B

Answer **THREE** questions from this section.

Indicate which question you are answering by marking a cross ☐. If you change your mind, put a line through the box ☒ and then indicate your new question with a cross ☐.

If you answer Question 3, put a cross in the box ☐.

Source material for Question 3 is on pages 8 and 9 of the Source Booklet.

- 3 (a) Calculate the number of **passengers** Seaside Coaches Limited needs each year to break-even.

(11)

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA



DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

Handwriting practice area with 24 horizontal dotted lines.



DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

- (b) Calculate the number of **tours** Seaside Coaches Limited needs to make each year to break-even, based on an average of 35 passengers per tour.

(2)

- (c) Calculate the margin of safety:

- (i) in pounds (£)

(5)

- (ii) as a percentage of sales.

(3)



(d) (i) Explain the term **semi-fixed cost**.

(2)

(ii) State **one** example of a semi-fixed cost.

(1)



DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

(e) Evaluate the possibility of buying an 18-seat minibus instead of the 52-seat coach.

(6)

Handwriting practice area with horizontal dotted lines.

(Total for Question 3 = 30 marks)



DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

BLANK PAGE



If you answer Question 4, put a cross in the box ☐.

Source material for Question 4 is on pages 10 and 11 of the Source Booklet.

- 4 (a) Explain **two** reasons why existing shareholders were given shares in the new company, Good Meals plc, and not paid cash for their shares.

(4)

1

.....

.....

.....

2

.....

.....

.....

- (b) Calculate the purchase consideration paid by Good Meals plc.

(3)

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....



(c) Prepare, in the books of Tastee Burgers plc, the:
(i) Realisation Account

(7)

DO NOT WRITE IN THIS AREA

Handwriting practice area with horizontal dotted lines.



(ii) Sundry Shareholders Account.

(6)

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

(d) Explain **two** reasons why companies may wish to merge.

(4)

1

2



DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA



DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

5 (a) Prepare a Revenue budget for Green Sea Gas plc, showing revenue in pounds (£s), for each of the four months September to December 2025.

Revenue Budget	Sept	Oct	Nov	Dec
Weekly usage per customer				
Monthly usage per customer				
Price per unit				
Monthly usage charge per customer				
Daily fixed charge per customer				
Monthly fixed charge per customer				
Monthly total charge per customer				
Number of customers				
Revenue				

(b) Prepare an Inventory budget for Green Sea Gas plc for each of the four months

September to December 2025, showing the inventory in units on the first day of each month.

(4)

Inventory Budget	Sept	Oct	Nov	Dec
Weekly usage per customer				
Number of customers				
Units required for inventory				



(c) Prepare an extract from the Cash budget for Green Sea Gas plc for **each** of the four months September to December 2025, to show payments made to the gas supplier.

(12)

Cash Budget extract	Aug	Sept	Oct	Nov	Dec
Monthly usage per customer (units)					
Inventory requirement per customer (units)					
Inventory increase per customer (units)					
Total required for month per customer (units)					
Number of customers					
Price per unit					
Gross charge for month					
Charge to be paid this month					
Less Discount Applied					
Amount Paid					

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA



DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

Handwriting practice area with 20 sets of horizontal dotted lines.



- (d) Evaluate the credit terms received by Green Sea Gas plc, and the discount allowed by the supplier, from the point of view of Green Sea Gas plc.

(6)

(Total for Question 5 = 30 marks)



DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

BLANK PAGE



If you answer Question 6, put a cross in the box ☐.

Source material for Question 6 is on pages 14 and 15 of the Source Booklet.

6 (a) Customers owed £76 000 at the start of the year.

(i) Calculate the amount customers owed at the end of the year.

(2)

.....

.....

.....

.....

Suppliers were owed £39 000 at the end of the year.

(ii) Calculate the amount suppliers were owed at the start of the year.

(2)

.....

.....

.....

.....

(iii) State **two** reasons why Red Jupiter Media plc would sell a tangible non-current asset.

(2)

1

.....

.....

2

.....

.....



One item of equipment was the only non-current asset sold in the year.

(iv) Calculate the book value of the equipment when sold.

(3)

(v) Explain why an adjustment for the depreciation charge is **added** in a Statement of Cash Flows.

(2)

(vi) Explain **one** difference between a Statement of Cash Flows and a cash budget.

(2)

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA



At 1 April 2024, Red Jupiter Media plc had an overdraft of £14 000

(vii) Calculate the cash balance the company had at this date.

(2)

At 31 March 2025, Red Jupiter Media plc had £62 000 cash.

(viii) Calculate the movement on the bank balance during the year.

(4)



The final dividend paid for 2024 was 6.25%

The ordinary shares issued in the year qualified for the interim dividend paid.

(ix) Calculate the percentage of the interim dividend.

(5)

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

Area for writing the answer, consisting of multiple horizontal lines.



(b) Evaluate whether Adhira should invest in Red Jupiter Media plc.

(6)

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

(Total for Question 6 = 30 marks)

TOTAL FOR SECTION B = 90 MARKS
TOTAL FOR PAPER = 200 MARKS



DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

BLANK PAGE



DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

BLANK PAGE



Pearson Edexcel International Advanced Level

Friday 23 May 2025

Afternoon (Time: 3 hours)

Paper
reference

WAC12/01

Accounting

International Advanced Level

UNIT 2: Corporate and Management Accounting

Source Booklet

Do not return this Booklet with the question paper.

Turn over ►

P78803A

©2025 Pearson Education Ltd.
Y:1/1/1/1




Pearson

SECTION A

Answer BOTH questions in this section.

- 1** Metropolis Traffic plc is a company that will install and operate a traffic system for a large city. The system will be used to capture on camera motor vehicles that are driven in the city but do not meet the environmental regulations of the city. The owners of the motor vehicles will be charged for driving in the city.

The contract to operate the system will be for five years.

The cost of setting up the traffic system will be £4 000 000 (£4 million).

The finance director must choose between two possible options to finance the project.

Option A – a bank loan for the full £4 000 000, at an interest rate of 11% per year.

Option B – a funding package from a range of sources. The details are shown below.

Option B	£	Interest rate/ Expected return
Government loan	800 000	17.5%
Debenture	1 200 000	15%
Preference shares	500 000	7%
Ordinary shares	1 500 000	3%
Total	4 000 000	

Required

- (a) Calculate the weighted average cost of capital of Option B. (6)
- (b) Identify the appropriate option to finance the project, giving a reason for your choice. (2)

The following information applies to the forecast revenue of the project.

- (1) The city has a population of 800 000
- (2) 35% of the population of the city have a motor vehicle.
- (3) 6% of the motor vehicles will have to pay the charge because they do not meet the environmental regulations.
- (4) Motor vehicles not meeting the regulations are expected to make two journeys per week.
- (5) There are 50 weeks in a year.
- (6) The charge for a motor vehicle that does not meet regulations will be £5.00 per journey.

The following information applies to the forecast costs of the project.

Capital costs

- (1) There will be 200 cameras installed in the city.
- (2) The cost of buying and installing a camera will be £12 000 per camera.
- (3) Cameras will be depreciated over five years.
- (4) The computer system to control the operation will cost £1 600 000
- (5) The computer system will be depreciated over five years.

Other costs

- (1) Maintenance of the cameras will be £750 per camera per year.
- (2) Office rental cost will be £22 000 per month.
- (3) Staff costs will be £110 000 per month.
- (4) Electricity costs will be £19 000 per month.
- (5) 50% of revenue will be paid to the city council as a licence fee.
- (6) All other costs will total £750 000 per year.

A table showing the discount factors is given.

Year	8%	9%	10%	11%	12%	13%
1	0.926	0.917	0.909	0.901	0.893	0.885
2	0.857	0.842	0.826	0.812	0.797	0.783
3	0.794	0.772	0.751	0.731	0.712	0.693
4	0.735	0.708	0.683	0.659	0.636	0.613
5	0.681	0.650	0.621	0.593	0.567	0.543

Required

- (c) Calculate the net present value of the project at the end of year five. (22)
- (d) Calculate the average rate of return of the project, stating the formula used. (9)
- (e) Calculate the profitability index of the project, stating the formula used. (4)
- (f) Evaluate the project from the point of view of Metropolis Traffic plc. (12)

(Total for Question 1 = 55 marks)

BLANK PAGE



- 2 (a) (i) State **two** examples of revenue reserves found in a company's accounts. (2)
- (ii) State how a revenue reserve is created. (1)
- (iii) State **two** uses of revenue reserves. (2)
- (b) (i) State **two** examples of capital reserves, other than share capital, found in a company's accounts. (2)
- (ii) State how **each** of the reserves given in part (b)(i) is created. (4)
- (iii) State **one** use of **each** of the capital reserves given in part (b)(i). (2)

Depma Industrials plc is a company trading in building materials.

On 1 April 2024, at the start of the financial year, the following balances were in the books of Depma Industrials plc.

	£
£1 Ordinary share capital	50 000 000
Share premium reserve	40 000 000
Retained earnings reserve	21 375 000
General reserve	2 000 000
4.5% redeemable preference shares	5 000 000

There had been only one issue of shares by Depma Industrials plc.

On 1 May 2024, the directors decided to redeem 15% of the £1 ordinary shares at the present market value of £1.80 per share.

Required

- (c) Prepare the Journal entries to show the redemption as recorded in the books.
Dates and narratives are **not** required. (6)
- (d) Explain:
- (i) **two** advantages to a company of redeeming ordinary shares (4)
- (ii) **two** disadvantages to a company of redeeming ordinary shares. (4)

On 4 May 2024, the dividend for the half-year ending 31 March 2024 was paid to the redeemable preference shareholders.

- (e) Prepare the Journal entries to show the dividend payment to redeemable preference shareholders as recorded in the books.

Dates and narratives are **not** required.

(6)

On 4 November 2024, the dividend for the half-year ending 31 September 2024 was paid to the redeemable preference shareholders.

The directors decided, in March 2025, to use **all** of the balance left in Retained earnings to pay a final dividend to remaining ordinary shareholders.

- (f) Calculate the dividend per share paid to remaining shareholders in March 2025.

(10)

- (g) Evaluate the decision of the directors to use **all** of the balance left in Retained earnings to pay a final dividend to remaining ordinary shareholders.

(12)

(Total for Question 2 = 55 marks)

TOTAL FOR SECTION A = 110 MARKS

SECTION B

Answer THREE questions from this section.

- 3** Seaside Coaches Limited is considering buying a 52-seat coach to provide tours of the coast.

The following information is available.

- The coach will make five tours a week for 36 weeks of the year.
- The fare will be £19 per passenger per tour. The coach will carry an average of 35 passengers per tour.
- The coach will be bought for £48 000 using a three-year loan from the bank. Monthly repayments on the loan will be £1 650 for 12 months per year.
- Fuel costs are estimated to be £5 per passenger per tour.
- Insurance costs for the coach will be £5 400 per year.
- Road tax for the coach will be £420 per year.
- Drivers will be paid £105 for every tour made. This is to be treated as a variable cost.
- The coach will need to be serviced three times a year. Each service will cost £350
- Administration costs for the coach will be £12 600 per year.

Required

- (a) Calculate the number of **passengers** Seaside Coaches Limited needs each year to break-even. (11)
- (b) Calculate the number of **tours** Seaside Coaches Limited needs to make each year to break-even, based on an average of 35 passengers per tour. (2)
- (c) Calculate the margin of safety:
- (i) in pounds (£) (5)
- (ii) as a percentage of sales. (3)

(d) (i) Explain the term **semi-fixed cost**.

(2)

(ii) State **one** example of a semi-fixed cost.

(1)

Seaside Coaches Limited is also considering the possibility of buying an 18-seat minibus **instead** of a 52-seat coach, to provide tours of the coast.

(e) Evaluate the possibility of buying an 18-seat minibus instead of the 52-seat coach.

(6)

(Total for Question 3 = 30 marks)

- 4 The directors of Tastee Burgers plc and SnakTime plc decided to merge to form a new company. The new company is to be called Good Meals plc. The new company was formed on 1 April 2025.

The statement of financial position of Tastee Burgers plc on 31 March 2025 was as follows.

	£ 000	
Assets		
Non-current assets		
Property, plant and equipment	3 136	
Fixtures and fittings	209	
Computer systems	72	
Motor vehicles	<u>55</u>	
		3 472
Current assets		
Inventories	75	
Trade receivables	16	
Bank	49	
Cash	<u>35</u>	
		<u>175</u>
Total Assets		<u>3 647</u>
Equity and liabilities		
Equity		
Ordinary shares of £1 each	900	
Share premium	900	
Retained earnings	242	
General reserve	<u>350</u>	
Total Equity		2 392
Non-current liabilities		
Mortgages	<u>1 038</u>	
		1 038
Current liabilities		
Trade payables	<u>217</u>	
		<u>217</u>
Total Liabilities		<u>1 255</u>
Total Equity and Liabilities		<u>3 647</u>

Good Meals plc purchased all of the assets and liabilities of Tastee Burgers plc and SnakTime plc at book value.

Required

- (a) Explain **two** reasons why existing shareholders were given shares in the new company, Good Meals plc, and not paid cash for their shares. (4)

Good Meals plc settled the purchase consideration by issuing shares in Good Meals plc to the shareholders of Tastee Burgers plc on the following terms.

For every one share held in Tastee Burgers plc, shareholders received four ordinary shares of 50 pence (£0.50) each in Good Meals plc, with a premium of 30 pence (£0.30) for each share.

- (b) Calculate the purchase consideration paid by Good Meals plc. (3)

- (c) Prepare, in the books of Tastee Burgers plc, the:

(i) Realisation Account (7)

(ii) Sundry Shareholders Account. (6)

- (d) Explain **two** reasons why companies may wish to merge. (4)

- (e) Evaluate the decision of the directors of Good Meals plc to take over all of the assets and liabilities at book value. (6)

(Total for Question 4 = 30 marks)

- 5** Green Sea Gas plc is a company that is to start supplying gas to the western area of the country in August 2025. It buys gas supplies from a producer of North Sea gas. In order to ensure a supply of gas to customers, Green Sea Gas plc must arrange purchases in advance.

The budgets for August 2025 have already been prepared. The company is now going to prepare budgets for the period September to December 2025.

The following information has been provided for the period September to December 2025.

- There are 285 000 customers in September and October.
- The number of customers is expected to rise by 10 000 in November.
- The number of customers is expected to rise by a further 10 000 in December.
- The price of gas to customers is 7 pence (£0.07) per unit.
- Weekly usage per customer is shown below.

Month	September	October	November	December
Weekly usage per customer	400 units	500 units	625 units	750 units

- Each customer must pay a fixed charge of 22 pence (£0.22) per day for use of the company's pipeline and equipment.
- There are four weeks in a month.
- The company's fixed charges are calculated using 28 days in one month.

Required

- (a) Prepare a Revenue budget for Green Sea Gas plc, showing revenue in pounds (£s), for each of the four months September to December 2025.

(8)

Green Sea Gas plc must hold a one-week supply of gas.

- (b) Prepare an Inventory budget for Green Sea Gas plc, for each of the four months September to December 2025, showing the inventory in units on the first day of each month.

(4)

The following information is supplied for the Cash budget for Green Sea Gas plc.

- Each unit of gas will be purchased for 4 pence (£0.04) per unit.
- Delivery of gas for sale in the week, or for inventory, takes place on the first day of the week.
- Green Sea Gas plc is allowed one month's credit by the gas producer.
- Green Sea Gas plc takes advantage of the credit terms offered.
- Gas used in August per customer rose by 25% to give the usage per customer in September.
- In August, customers numbered 280 000
- The number of customers in January 2026 is expected to be the same as the number in December 2025.
- Green Sea Gas plc will receive a 2% discount if the bill from the gas supplier for the month is over £18 000 000
- Green Sea Gas plc will receive a 3% discount if the bill from the gas supplier for the month is over £25 000 000

Required

- (c) Prepare an extract from the Cash budget for Green Sea Gas plc, for **each** of the four months September to December 2025, to show payments made to the gas supplier.

(12)

- (d) Evaluate the credit terms received by Green Sea Gas plc, and the discount allowed by the supplier, from the point of view of Green Sea Gas plc.

(6)

(Total for Question 5 = 30 marks)

- 6 The Statement of Cash Flows for Red Jupiter Media plc has been drawn up according to International Accounting Standard 7 (IAS7) and is shown below.

Statement of Cash Flows for Red Jupiter Media plc for year ended 31 March 2025		
	£	£
Cash flows from operating activities	000's	000's
Profit from operations after interest	151	
Add bank overdraft interest	3	
Add bank loan interest	12	
Add depreciation on non-current assets	273	
Add loss on sale of non-current asset	13	
Operating cash flow before working capital changes	452	
Increase in inventories	(53)	
Decrease in trade receivables	28	
Increase in trade payables	19	
Cash generated from operations	446	
Less interest paid: Bank overdraft	(3)	
Bank loan	(12)	
Less tax paid	(176)	
Net cash from operating activities		255
Cash flows from investing activities		
Payments to purchase tangible non-current assets	(164)	
Proceeds from sale of tangible non-current assets	39	
Payments to purchase shares in other companies	(11)	
Dividends received from shares in other companies	3	
Net cash used in investing activities		(133)
Cash flows from financing activities		
Issue of ordinary shares	60	
Dividends paid: Final 2024	(15)	
Interim 2025	(6)	
Preference	(9)	
Net cash from financing activities		30
Net increase in cash and cash equivalents		152
Cash and cash equivalents at the beginning of the year		46
Cash and cash equivalents at the end of the year		198

Adhira has been given a copy of the Statement of Cash Flows for Red Jupiter Media plc for the year ended 31 March 2025. She is thinking of investing in this company but requires some more information.

Required

(a) Customers owed £76 000 at the start of the year.

- (i) Calculate the amount customers owed at the end of the year. (2)

Suppliers were owed £39 000 at the end of the year.

- (ii) Calculate the amount suppliers were owed at the start of the year. (2)

- (iii) State **two** reasons why Red Jupiter Media plc would sell a tangible non-current asset. (2)

One item of equipment was the only non-current asset sold in the year.

- (iv) Calculate the book value of the equipment when sold. (3)

- (v) Explain why an adjustment for the depreciation charge is **added** in a Statement of Cash Flows. (2)

- (vi) Explain **one** difference between a Statement of Cash Flows and a cash budget. (2)

At 1 April 2024, Red Jupiter Media plc had an overdraft of £14 000

- (vii) Calculate the cash balance the company had at this date. (2)

At 31 March 2025, Red Jupiter Media plc had £62 000 cash.

- (viii) Calculate the movement on the bank balance during the year. (4)

The final dividend paid for 2024 was 6.25%

The ordinary shares issued in the year qualified for the interim dividend paid.

- (ix) Calculate the percentage of the interim dividend. (5)

- (b) Evaluate whether Adhira should invest in Red Jupiter Media plc. (6)

(Total for Question 6 = 30 marks)

TOTAL FOR SECTION B = 90 MARKS
TOTAL FOR PAPER = 200 MARKS

BLANK PAGE

