

Please check the examination details below before entering your candidate information

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Centre Number					Candidate Number				
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Pearson Edexcel International Advanced Level

Monday 13 January 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.

Turn over ►

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SECTION A

Answer BOTH questions in this section.

Source material for Question 1 is on pages 2 and 3 of the Source Booklet.

- 1 (a) Prepare a Statement of cash flows for the year ended 31 December 2024 for Deshi Stores plc in accordance with International Accounting Standard (IAS) 7 Statement of cash flows (revised).

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(b) Evaluate the performance of Deshi Stores plc concerning liquidity, for the year ended 31 December 2024.

(12)

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(ii) labour efficiency variance

(4)

(iii) labour rate variance

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(iv) total labour cost variance.

(2)

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(c) Calculate the budgeted material cost for the planned production of 180 tents for December, Week 3.

(2)

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(ii) material usage variance

(5)

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(iii) material price variance

(4)

(iv) total material cost variance.

(2)

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(e) Calculate, for the production of 180 tents in December, Week 3, the:

(i) total (material and labour) budgeted cost

(2)

(ii) total (material and labour) actual cost

(2)

(iii) total (material and labour) variance.

(3)



(f) Evaluate the performance of the Tent Production department for December, Week 3.

Your evaluation should include some recommendations for the future for the Tent Production department.

(12)

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(Total for Question 2 = 55 marks)

TOTAL FOR SECTION A = 110 MARKS



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SECTION B

Answer THREE questions from this section.

Indicate which question you are answering by marking a cross in the box ☐. 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 6 and 7 of the Source Booklet.

- 3 (a) Prepare a capital budget to finance the production of LightBeam electric scooters.

(7)

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(b) Prepare a production budget for **each** month of the first **six** months of production of LightBeam electric scooters.

(5)

Production Budget

Month 1	Month 2	Month 3	Month 4	Month 5	Month 6

Workings

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- (c) Prepare an extract from the cash budget to show the amount of cash, including the total for each month, that will be received from customers for **each** of the first **three** months of sales of LightBeam electric scooters.

(12)

Cash Budget extract

	Month 1	Month 2	Month 3
Option 1			
Option 2			
Option 3 – Month 1 sales			
Option 3 – Month 2 sales			
Option 3 – Month 3 sales			
Total			

Workings

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(d) Evaluate the **three** payment options from the point of view of Sunrise plc.

(6)

(Total for Question 3 = 30 marks)



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

Source material for Question 4 is on pages 8 and 9 of the Source Booklet.

- 4 (a) Calculate the dividend per ordinary share for the year ended 31 December 2024.

You should use the number of ordinary shares in issue at the **end** of the financial year for your calculation.

- (i) Aquarius plc

(5)



(ii) BelleStar plc.

(5)

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(b) Calculate the dividend cover for:

(i) Aquarius plc

(3)

(ii) BelleStar plc.

(5)



(c) Calculate the dividend yield for:

(i) Aquarius plc

(3)

(ii) BelleStar plc.

(3)

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(d) Evaluate which of the two companies would make the best investment for Kerena.

(6)

(Total for Question 4 = 30 marks)



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5 (a) Prepare for HK Coolers plc, Statements of Profit or Loss and Other Comprehensive Income for the year ended 31 December 2024, in columnar format, using:

- (24)

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Workings



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(b) Evaluate the statement made by the Research and Development Director.

(6)

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(Total for Question 5 = 30 marks)



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

Source material for Question 6 is on pages 12 to 14 of the Source Booklet.

- 6 (a) (i) State under which line item on the Statement of Financial Position you would find the following (a line item does not include a heading such as Current liabilities but does include an item such as Trade payables):

(4)

Item	Statement of Financial Position
copyright of a book	
invoice for paper paid in advance	
containers of ink used to produce books	
the credit entry for an increase in the market value of the printing factory.	

The cash balance is £24 700 on 31 December 2024.

- (ii) Calculate the bank balance on 31 December 2024.

(2)

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- (iii) State **one** example of how the general reserve could be used.

(1)

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Interest on the bank loan is paid monthly. The interest payable for December 2024 has yet to be paid.

- (iv) Calculate the amount of interest owing on the bank loan.

(2)

Debenture interest is paid in instalments, every six months.

- (v) Calculate the amount of one instalment payment of the debenture.

(2)

At the start of the year, the retained earnings had a debit balance of £329 000

There have been no entries in the Retained Earnings Account in the year, except for the profit or loss for the year.

- (vi) Calculate the profit or loss made for the year ended 31 December 2024.

(2)

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(vii) Explain what is meant by the term 'redeemable' when describing the preference shares.

(2)

(viii) State **two** examples of items that may be found in the Statement of Financial Position under the heading 'Provisions' found in Current liabilities.

(2)

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- (ix) Calculate the depreciation of property, plant and equipment for the year ended 31 December 2024.

You may wish to use the table below to help you calculate the depreciation for the year ended 31 December 2024.

(7)

	Cost/Amount	Depreciation	Carrying value
Start of year 1 January 2024			
Printing equipment purchased			
Property sold			
Revaluation		-----	
Depreciation adjustment	-----		-----
Year end total 31 December 2024			

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- (b) Evaluate the role of the auditor in the **corporate governance** of a limited company such as Seagull plc.

(6)

(Total for Question 6 = 30 marks)

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



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Pearson Edexcel International Advanced Level

Monday 13 January 2025

Afternoon (Time: 3 hours)

Paper
reference

WAC12/01

Accounting

International Advanced Level

UNIT 2: Corporate and Management Accounting

Source Booklet

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SECTION A

Answer BOTH questions in this section.

- 1 The Statements of Financial Position of Deshi Stores plc at 31 December 2023 and 31 December 2024 were as follows.

	31 December 2023	31 December 2024
ASSETS	£	£
Non-current assets		
Property, plant and equipment at cost	16 750 000	16 625 000
Provision for depreciation	(4 120 000)	(4 240 000)
Property, plant and equipment carrying value	12 630 000	12 385 000
Investments in shares in other companies	328 000	395 000
Goodwill	<u>200 000</u>	<u>180 000</u>
	13 158 000	12 960 000
Current assets		
Inventories	4 483 000	4 191 000
Trade receivables	1 312 000	1 187 000
Other receivables	93 000	74 000
Cash and cash equivalents	<u>-----</u>	<u>106 000</u>
	5 888 000	5 558 000
Total assets	<u>19 046 000</u>	<u>18 518 000</u>
EQUITY AND LIABILITIES		
Equity		
Share capital - Ordinary shares of £1	12 000 000	12 800 000
Share premium	3 000 000	3 200 000
4% Irredeemable preference shares of £1	800 000	800 000
Retained earnings	<u>819 000</u>	<u>258 000</u>
Total equity and reserves	16 619 000	17 058 000
Non-current liabilities		
6% Bank loan	<u>750 000</u>	<u>375 000</u>
	750 000	375 000
Current liabilities		
Trade payables	1 087 000	946 000
Other payables	38 000	41 000
Current tax payable	476 000	98 000
Bank overdraft	<u>76 000</u>	<u>-----</u>
	1 677 000	1 085 000
Total equity and liabilities	<u>19 046 000</u>	<u>18 518 000</u>



Additional information

- Goodwill of £240 000 was paid when purchasing another business in the year ended 31 December 2022. The goodwill is being amortised (depreciated) over 12 years.
- On 15 January 2024, ordinary shareholders received a final dividend for the year ended 31 December 2023 of 1.8 pence (£0.018) per share.
- On 16 March 2024, a property was bought for £1 240 000
- On 8 April 2024, a property with accumulated depreciation of £70 000 was sold for a profit of £460 000
- On 4 July 2024, preference shareholders received their dividends for half a year.
- On 23 August 2024, an issue of 800 000 £1 ordinary shares at a premium of 25 pence (£0.25) per share was made.
- On 1 October 2024, part of the bank loan was repaid.
- On 20 October 2024, all ordinary shareholders received an interim dividend of 0.4 pence (£0.004) per share.
- Loss after interest but before tax for the year ended 31 December 2024 was £316 800

Required

- (a) Prepare a Statement of cash flows for the year ended 31 December 2024 for Deshi Stores plc in accordance with International Accounting Standard (IAS) 7 Statement of cash flows (revised). (43)
- (b) Evaluate the performance of Deshi Stores plc concerning liquidity, for the year ended 31 December 2024. (12)

(Total for Question 1 = 55 marks)

2 Undercanvas Limited produces a wide range of camping equipment at its factory. You are the Cost Accountant and have been asked to look at the performance of the Tent Production department for December, Week 3.

- The company has a contract to supply 180 tents per week, which must be met.
- Each member of staff has a target output of 30 tents per week.
- The factory employs six production workers.
- The standard cost of producing one tent is:
 - 1 hour 20 minutes labour, with labour being paid £8.60 per hour.
- Labour is scheduled to work (normal time) 8 hours a day, 5 days a week Monday to Friday.
 - All 40 hours are paid at the normal rate.
 - Any overtime worked is paid at the rate of £12.90 per hour.
 - Workers are not paid for any absent time.

Required

- (a) Calculate the budgeted labour cost for the planned production of 180 tents for December, Week 3.

(3)

The staff production sheet for December, Week 3 shows the following details. Amos Kariuki was absent for one day.

STAFF PRODUCTION SHEET		
NAME	HOURS	PRODUCTION UNITS
Stephen Baden	40	30
Faith Onyango	40	31
Amos Kariuki	32	20
Carmel Spiteri	41	33
Jennifer Powell	44	32
Mario Zammit	47	34

- (b) Calculate, for the production of 180 tents for December, Week 3, the:

- (i) actual labour cost of production

(4)

- (ii) labour efficiency variance

(4)

- (iii) labour rate variance

(4)

- (iv) total labour cost variance.

(2)

The standard material cost of producing one tent is 16 square metres of material at 38 pence (£0.38) per square metre.

- (c) Calculate the budgeted material cost for the planned production of 180 tents for December, Week 3.

(2)

Company records for the start of December, Week 3 show the following:

- 1 350 metres of material, purchased at 0.36 pence per metre, in the inventory at the start of Week 3
- deliveries received:
 - Tuesday – 1 400 metres at 0.38 pence per metre
 - Thursday – 1 200 metres at 0.39 pence per metre
- 920 metres of material were in inventory at the end of the week.

The company uses the First In First Out (FIFO) method of inventory valuation.

Required

- (d) Calculate, for the production of 180 tents for December, Week 3, the:

- (i) actual material cost of production

(6)

- (ii) material usage variance

(5)

- (iii) material price variance

(4)

- (iv) total material cost variance.

(2)

- (e) Calculate, for the production of 180 tents in December, Week 3, the:

- (i) total (material and labour) budgeted cost

(2)

- (ii) total (material and labour) actual cost

(2)

- (iii) total (material and labour) variance.

(3)

- (f) Evaluate the performance of the Tent Production department for December, Week 3.

Your evaluation should include some recommendations for the future for the Tent Production department.

(12)

(Total for Question 2 = 55 marks)

TOTAL FOR SECTION A = 110 MARKS

SECTION B

Answer THREE questions from this section.

- 3** Sunrise plc is to develop and produce a new electric scooter, LightBeam.

Sunrise plc hopes to start selling LightBeam electric scooters next year.

The following information is available concerning the expected costs and capital required.

Costs

	£ million
Research and development	24
Purchase of land for factory	21
Building new factory	36
Machinery and equipment for new factory	26
Materials and parts	42
Recruitment and staff costs	19
Marketing	32

Capital for the new electric scooter is to be funded in the following way.

- A share issue to ordinary shareholders for 25% of the total capital required.
- £98 million of capital is to be raised from three sources:
a 9% debenture, a bank loan and redeemable preference shares.

This is to be raised in the following ratio:

4 parts 9% debenture : 2 parts bank loan : 1 part redeemable preference shares

- A government grant to cover 50% of the cost of building the new factory.
- The remainder of the capital is to be funded from retained profits.

Required

- (a) Prepare a capital budget to finance the production of LightBeam electric scooters.

(7)

All electric scooters are built to meet sales orders.

If a sales order cannot be met in the same month, the factory will produce the electric scooter in the next month, or as soon as possible.

The capacity of the factory is 12 400 electric scooters a month.

Sales of LightBeam electric scooters, in the first six months, are expected to be:

Month 1	Month 2	Month 3	Month 4	Month 5	Month 6
16 000	13 000	8 900	7 500	7 200	6 600

Required

- (b) Prepare a production budget for **each** month of the first **six** months of production of LightBeam electric scooters.

(5)

A LightBeam electric scooter will sell for £1 275 to customers.

Customers will choose to pay using one of the following three options:

Option 1 – 40% of customers are expected to pay for their new electric scooter with cash on the day of the sale.

Option 2 – 15% of customers are expected to buy their new electric scooter on the following terms: 'nothing to pay for 12 months' with payment being made in full 12 months after the date of the sale.

Option 3 – The remaining customers are expected to buy their new electric scooter on the following terms: '20% deposit on the day of the sale, then 18 monthly payments of £75, starting one month after the sale'.

Required

- (c) Prepare an extract from the cash budget to show the amount of cash, including the total for each month, that will be received from customers for **each** of the first **three** months of sales of LightBeam electric scooters.

(12)

- (d) Evaluate the **three** payment options from the point of view of Sunrise plc.

(6)

(Total for Question 3 = 30 marks)

4 Kerena wishes to make an investment and buy some shares in a company.

She has carried out some research on two companies and found the information shown below.

Information for Aquarius plc for the financial year ended 31 December 2024.

Share capital at 1 January 2024	24 million (24 000 000) ordinary shares of £1.25 each
Other reserves at 1 January 2024	£8 000 000
A rights issue of one share issued for every four ordinary shares held was made on 1 September 2024	
5 year 8% Bank loan payable 2027	£4 000 000
10 year 11% Debenture payable 2028	£5 000 000
Net profit after interest and tax	£1 973 400
Tax payable for year	£150 000
Interim dividend	1.2 pence per share (£0.012)
Final ordinary dividend	£570 000
Share price at year end	£2.20

Information for BelleStar plc for the financial year ended 31 December 2024.

Share capital at 1 January 2024	70 million (70 000 000) ordinary shares of £0.50 each
Other reserves at 1 January 2024	£11 000 000
A redemption of ordinary shares was made on 1 October 2024 on the basis of one share redeemed for every seven shares held.	
4 year 7% Bank loan payable 2026	£2 000 000
5 year 12% Debenture payable 2028	£1 000 000
Net profit before interest and tax	£4 916 000
Tax payable for year	£930 000
Interim dividend	£630 000
Final ordinary dividend	2.4 pence per share (£0.024)
Share price at year end	£4.14

Required

(a) Calculate the dividend per ordinary share for the year ended 31 December 2024.

You should use the number of ordinary shares in issue at the **end** of the financial year for your calculation.

(i) Aquarius plc (5)

(ii) BelleStar plc. (5)

(b) Calculate the dividend cover for:

(i) Aquarius plc (3)

(ii) BelleStar plc. (5)

(c) Calculate the dividend yield for:

(i) Aquarius plc (3)

(ii) BelleStar plc. (3)

(d) Evaluate which of the two companies would make the best investment for Kerena. (6)

(Total for Question 4 = 30 marks)

- 5 You are the Accountant for HK Coolers plc, a company that produces and sells refrigerators.

Financial statements are drawn up using both marginal costing and absorption costing.

The following information is available for the year ended 31 December 2024.

- Opening inventory 224 units.
- Opening inventory valuation:
 - marginal costing valued at £65 per unit
 - absorption costing valued at £75 per unit.
- Production and sales units per quarter (three-month period).

Period	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Production	10 985	12 172	11 763	10 080
Sales	8 907	13 789	12 351	9 853

- Fixed overheads £5 400 per week.
- Semi-variable costs £2 700 fixed element per week plus £6.70 per unit.
- Direct materials £56.10 per unit.
- Direct labour 45 minutes work per unit at a wage rate of £9.60 per hour.
- Sales price £99.00 per unit.
- Assume 50 weeks in the year.

Required

- (a) Prepare for HK Coolers plc, Statements of Profit or Loss and Other Comprehensive Income for the year ended 31 December 2024, in columnar format, using:
- marginal costing
 - absorption costing.

(24)

The Research and Development Director of HK Coolers plc states he prefers financial statements to be drawn up using only marginal costing. He does not think it is necessary to also show the financial statements using absorption costing.

- (b) Evaluate the statement made by the Research and Development Director.

(6)

(Total for Question 5 = 30 marks)

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- 6 Seagull plc prints and publishes books. The Statement of Financial Position of Seagull plc at 31 December 2024 has been prepared in accordance with International Accounting Standards (IAS 1) and is shown below.

Statement of Financial Position of Seagull plc at 31 December 2024	
ASSETS	£
Non-current assets	
Intangibles	399 000
Property, plant and equipment carrying value	<u>21 000 000</u>
	21 399 000
Current assets	
Inventories	8 412 000
Trade receivables	2 769 000
Other receivables	156 000
Cash and cash equivalents	<u>373 500</u>
	11 710 500
Total assets	<u>33 109 500</u>
EQUITY AND LIABILITIES	
Equity	
Share capital – ordinary shares of £1	16 984 500
Share premium	3 750 000
Revaluation reserve	2 000 000
General reserve	1 000 000
Retained earnings	<u>(867 000)</u>
Total equity and reserves	22 867 500
Non-current liabilities	
6.25% debenture	4 150 000
7.8% bank loan	800 000
6% redeemable preference shares of £1	<u>1 800 000</u>
	6 750 000
Current liabilities	
Trade payables	2 226 000
Other payables	76 500
Current tax payable	589 500
Provisions	<u>600 000</u>
	3 492 000
Total equity and liabilities	<u>33 109 500</u>

Required

- (a) (i) State under which line item on the Statement of Financial Position you would find the following (a line item does not include a heading such as Current liabilities but does include an item such as Trade payables):
- copyright of a book
 - invoice for paper paid in advance
 - containers of ink used to produce books
 - the credit entry for an increase in the market value of the printing factory.
- (4)
- The cash balance is £24 700 on 31 December 2024.
- (ii) Calculate the bank balance on 31 December 2024.
- (2)
- (iii) State **one** example of how the general reserve could be used.
- (1)
- Interest on the bank loan is paid monthly. The interest payable for December 2024 has yet to be paid.
- (iv) Calculate the amount of interest owing on the bank loan.
- (2)
- Debenture interest is paid in instalments, every six months.
- (v) Calculate the amount of one instalment payment of the debenture.
- (2)
- At the start of the year, the retained earnings had a debit balance of £329 000
- There have been no entries in the Retained Earnings Account in the year, except for the profit or loss for the year.
- (vi) Calculate the profit or loss made for the year ended 31 December 2024.
- (2)
- (vii) Explain what is meant by the term 'redeemable' when describing the preference shares.
- (2)
- (viii) State **two** examples of items that may be found in the Statement of Financial Position under the heading 'Provisions' found in Current liabilities.
- (2)

At the start of the year, 1 January 2024, the company had property, plant and equipment that cost £24 000 000 with a carrying value of £20 600 000

During the year, the following took place:

- 2 January 2024, bought printing equipment for £2 100 000, that was expected to last for 7 years
- 21 June 2024, Seagull plc sold a property for £3 800 000 that had cost £1 900 000, with a total depreciation of £500 000
- The Revaluation reserve was created on 3 July 2024.

- (ix) Calculate the depreciation of property, plant and equipment for the year ended 31 December 2024.

You may wish to use the table in the Question paper to help you answer.

(7)

- (b) Evaluate the role of the auditor in the **corporate governance** of a limited company such as Seagull plc.

(6)

(Total for Question 6 = 30 marks)

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

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