



Worksheet 1: How to answer the question answers

- 1 Apportion the service department costs by completing the table.

What are you analysing?

Selecting a suitable basis to apportion service department costs.

- 2 Calculate, to two decimal places, a suitable overhead absorption rate for each of the production departments.

What are you analysing?

Selecting the suitable basis to absorb production department costs.

- 3 Prepare a statement to reconcile the flexible budgeted profit from (b) with the actual profit.

What are you analysing?

Preparing a reconciliation statement in a suitable format by showing all variances.

- 4 Discuss how the matter should be treated in the financial statements for the year ended 31 December 2020. Justify your answer, referring to the appropriate International Accounting Standard.

What are you analysing?

Selecting the appropriate International Accounting Standard to analyse the scenario.

- 5 Calculate, to two decimal places, the revised gearing ratio if the shareholder's proposal had been adopted..

What are you analysing?

Selecting the appropriate formula to calculate the required ratio.

- 6 Prepare the partnership bank account recording the closure of the partnership.

What are you analysing?

Preparing the ledger account in a suitable format on closure of the partnership.



- 7 Discuss the advantages and disadvantages of the decision of the directors of M Limited to purchase the partnership.

What are you analysing?

Structuring the answer by stating the advantages and disadvantages to M limited after purchasing the partnership.