



**Note to candidate:**  
Please ensure you upload the spreadsheet before the end of the assessment. If you do not upload your work, it will not be marked.

## Advanced Diploma Synoptic (AQ2016)

For use in AAT qualifications (see below for more information)

### Practice assessment 2: Assessment book and data

This practice task is for familiarisation purposes only and must not be used in place of a 'live' task. When you feel prepared to sit the live assessment please contact your Training Provider who can schedule a live assessment for you.

#### Task 2.1

##### Notice to candidates

You must:

- download files as instructed
- save and rename files as instructed
- upload the required files to the assessment platform within the time allowed
- make sure you have uploaded the correct files before deleting locally saved copies at the end of the assessment.

You must **not**:

- use the internet, other than to access the assessment platform
- access email and unauthorised data, however stored.

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##### Task 2.1 (25 marks)

###### Your role

You are Chris Makepeace, a part-qualified Accounting Technician. You work for NewPlace, a business which retails office equipment. NewPlace is owned and run by Mo Hussain.

You cover all aspects of bookkeeping and accounting for the business. NewPlace also uses the services of Addo & Co, a firm of accountants. Kiera Jackson is the accountant at Addo & Co who carries out tasks for NewPlace.

Today's date is 15 April 20X8.

You must save this spreadsheet file from the assessment environment. Save the spreadsheet file in the appropriate location and rename it using the following format: **'your initial-surname-AAT no-ddmmy-Task2-1'**.

For example: J-Donnovan-123456-1203xx-Task2-1

A high degree of accuracy is required. You must save your work as a .XLSX file at regular intervals to avoid losing your work.

###### Tasks

Mo Hussain has asked you to help update the budget. Open the worksheet called 'Dec 20X8'. This contains data on the current budgeted performance of NewPlace for the six months ending 31 December 20X8 and a pro forma to be completed.

(a) Using the data available in the 'Dec 20X8' worksheet:

- Complete the pro forma to calculate NewPlace's 'Current budgeted net profit/loss for the six months ended 31 December 20X8' using formulas where appropriate. Use column C for total sales, cost of sales, gross profit and net profit. Column B can be used for subtotals. (5 marks)

(b) In the 'Dec 20X8' worksheet:

- Use a formula to calculate the contribution per unit in cell C26. ✓
- Use a formula to calculate the number of units to be sold in order to break even in cell C27. ✓
- Use a formula to calculate the margin of safety formatted as a percentage in cell C28. ✓ (4 marks)

(c) In the 'Revised' worksheet:

- Copy the data in cells A1:C28 in the 'Dec 20X8' worksheet and paste into the 'Revised' worksheet starting in cell A1. ✓
- Using formulas which link to the 'Dec 20X8' worksheet, implement the following changes to revise the figures in cells B3 and B4:
  - sales volume will increase by 10% ✓
  - average selling prices will increase by 5% ✓
- Set a print area so that only the 'NewPlace: Current budgeted net profit/loss for six months ended 31 December 20X8' statement can be printed. ✓ (5 marks)

(d) Mo has asked you to prepare a capital investment appraisal. In the 'New premises' worksheet, using the information given in cells B4:C13:

- Calculate the net cash flow in cells C17:C22. Use minus signs to indicate any negative values. ✓
- Calculate the cumulative cash flow in cells D17:D22. Use minus signs to indicate any negative values. ✓
- Calculate the payback period in years and months in cells D25 and D26. Use a formula to calculate the number of months. ✓

Mo requires a rate of return of 12%.

- Copy the relevant discount factors from the table of discounted cash flows into the appropriate cells in the discount factor column. ✓
- Use a formula to calculate the discounted cash flow for each year. Use minus signs to indicate any negative figures. ✓
- Calculate the net present value (NPV) in cell F26. ✓
- Use an IF formula in cell C28 to show "Accept proposal" if the payback years (D25) is less than 5 **and** NPV (F26) is positive, or, "Reject proposal" if only one of the conditions is met, or neither condition is met. (11 marks)

At the end of this task you should have one spreadsheet (saved as an .XLSX file) to upload to the assessment environment. This should have four worksheets titled: 'Assessment tasks', 'Dec 20X8', 'Revised' and 'New Premises' with information and data in them.



## Task 2.1 (a)

- Sales: [In cell C12] = B3 \* B4
- Cost of Sales: [In cell B14] = B3 \* B5
- Gross Profit: = C12 - C15 [in cell C16]
- Wages of Shop Staff: [in cell B18] = B6
- Rent and Rates: [in cell B19] = B7
- Administration Overheads: [in cell B20] = B8
- Depreciation: [in cell B21] = B9
- SUB-TOTAL Exps [in cell B22] = SUM(B18 : B21)
- Net Profit: [in cell C23] = C16 - B22

## Task 2.1 (b)

- Contribution Per unit
- Formula: Selling price per unit - Variable Cost per unit = £165 - £125 = £40
- [In cell C26] = B4 - B5
- Number of Units to Sell to break even (Break even Point in Units)
- Formula: Fixed Costs / Break even Point per Unit.
- [In cell C27] = B22 / C26

## Margin of Safety as a %

- Formula: (Expected Sales - Break even Sales) / Expected Sales
- [In cell C28] (B3 - C27) / B3 (Format cells to % no dec pl.)

## Task 2.1 (c)

- Sales Volume will increase by 10% (link to 'Dec 20x8' sheet)
- Formula [in cell B3]: = 'Dec 20x8'!B3 \* 110%
- Average Selling prices will increase by 5% (link to 'Dec 20x8' sheet)
- Formula [in cell B4]: = 'Dec 20x8'!B4 \* 105%
- Set Print area
- Select cells A11 to C23.
- 'Page layout' Tab, 'Print area', set print area.

## Task 2.1 (d)

### Net Cash Flows

- Year 0 [in cell C17]: = -C4
- Year 1 [in cell C18]: = C9 - C5
- Year 2 [in cell C19]: = C10 - C5
- Year 3 [in cell C20]: = C11 - C5
- Year 4 [in cell C21]: = C12 - C5
- Year 5 [in cell C22]: = C13 - C5

### Cumulative Cash Flows

- Year 0 [in cell D17]: = C17
- Year 1 [in cell D18]: = D17 + C18
- Year 2 [in cell D19]: = D18 + C19
- Year 3 [in cell D20]: = D19 + C20
- Year 4 [in cell D21]: = D20 + C21
- Year 5 [in cell D22]: = D21 + C22

### Payback Period Formula:

- Year 'N' + (Balance at end of year 'N' / Cash Flow in year 'N'+1)  
(Year 'N' is final year of -ve balance)
- $4 + (-37300 / 63800)$

- Formula: [in cell D26] =  $(D21 / C22) * 12$

### Discounted Cash Flow

- Year 0 [in cell F17]: = C17 \* E17
- Year 1 [in cell F18]: = C18 \* E18
- Year 2 [in cell F19]: = C19 \* E19
- Year 3 [in cell F20]: = C20 \* E20
- Year 4 [in cell F21]: = C21 \* E21
- Year 5 [in cell F22]: = C22 \* E22

### Net Present Value:

- Formula: = SUM (F17:F22)

### IF Statement:

= IF (AND (D25 < 5, F26 > 0), "Accept proposed", "Reject proposed")