



## Singapore CA Qualification Examination

### INTEGRATIVE BUSINESS SOLUTIONS

# Examination Day Documents

21 December 2020

#### INSTRUCTIONS TO CANDIDATES:

1. This is an open book examination. During the examination, you are allowed to use your laptop and any calculators that comply with the SAC's regulations. Please note that watches, mobile phones, tablets, and all other electronic devices **MUST NOT** be used during the examination.
2. During the examination, videos of you and your computer screen will be recorded for the purpose of ensuring examination integrity and you have consented to these recordings.
3. This examination paper and all video recordings are the property of the Singapore Accountancy Commission.

4. This is a hypothetical case written exclusively for this examination. Names, characters, places and incidents used are imaginary or fictional. Any resemblance to actual events or locales or persons, living or dead, is entirely coincidental. This case is not to be cited without permission from the Singapore Accountancy Commission.

### **Case study report instructions**

These Examination Day Documents (EDD) complete the case study scenario and set out the requirements of the report that you are required to write (**Exhibit 19**). You must combine your pre-reading and analysis of the Advance Information (AI), your other pre-examination research, and the new information in the EDD to plan the content and structure of your report, and then to write the report.

The IB Examination will be open-book of **4 hours 30 minutes** duration. Please note, there is no separate prescribed reading time for this examination.

## Report format

Requirements can be found in the Question Window of the respective Exemplify Questions. Your report should follow the following format:

<b>Requirement</b>	<b>Exemplify Qn. Number</b>	<b>Marks</b>
Requirement 1 – An Executive Summary	<b>2</b>	<b>10</b>
Requirement 2 – Performance analysis, analysis of the competitive nature of the retail industry and analysis of Volar’s strategies to date	<b>3, 4, 5</b>	<b>35</b>
Requirement 3 – Strategic options and financial projections	<b>6, 7, 8, 9</b>	<b>35</b>
Requirement 4 – Ethical considerations and financial analysis of proposed cost cutting measures	<b>10, 11</b>	<b>20</b>

You should clearly state any assumptions that you make and include any supporting data. Please put your appendices (if any) at the end of each question part.

Please note that **only answers (including the wordings and assumptions made), appendices and workings entered in the Exemplify script on the day of the examination will be marked.**

## Advance Information (AI) – List of Exhibits

Exhibit	Exhibit Title	Start Page
<b>Advance Information</b>		
1	Volar Pte Ltd – origins and company background	AI-4
2	Description of Volar's business and retail operations	AI-7
3 (a)	Summary management accounts for the years ended 31 March 2017 to 2019	AI-15
3 (b)	Commentary on the management accounts for the year ended 31 March 2019	AI-20
4	Market research – the department stores industry in Singapore, July 2019	AI-23
5	Interview with Michael Wong, CEO of Wrights, September 2019	AI-29
6	Article from “High Society” magazine, November 2019	AI-32
7	Rise and fall of Rental in Orchard Road – Article from the Singapore Times, March 2020	AI-34
8	Volar - Minutes of a meeting of the board of directors, February 2020	AI-35
9	Briefing paper from Jessica Chau, Marketing Director of Volar, 2 April 2020	AI-37
10	Email from Mai Koh, Volar's Finance Director, to Volar's board of directors, 6 April 2020	AI-40
11	Volar Pte Limited, Budgeted Statement of Profit and Loss for the year ended 31 March 2021	AI-42
12	Suggestions for further reading and reference list	AI-46

## Exam Day Documents (EDD) – List of Exhibits

<b>Exhibit</b>	<b>Exhibit Title</b>	<b>Start Page</b>
<b>Examination Day Documents (EDD)</b>		
13	Summary management accounts 2019 – 2020	EDD-6
14	Email from Zac Lee, Volar's management accountant to Mai Koh, 6 June 2020	EDD-11
15	Report to the board of directors from Adela Chua, project manager, 10 June 2020	EDD-13
16	Email from Mai Koh, Volar's Finance Director, to Volar's board of directors, 14 June 2020	EDD-17
17	Volar - Minutes of a meeting of the board of directors, 20 June 2020	EDD-19
18	Email from Shaun Ng to Jasmine Eng engaging Swan Chartered Accountants LLP to write a report on Volar Pte Ltd, 23 June 2020	EDD-22
19	Volar Pte Ltd: the requirements	EDD-23

Summary management accounts

## Volar, Singapore

## Statement of Profit and Loss for the year ended

	Notes	31 March 2020 S\$ 000	31 March 2019 S\$ 000
Revenue (net of GST)	1	423,199	445,473
Cost of sales		(211,600)	(204,918)
<b>Gross Profit</b>		<b>211,599</b>	<b>240,555</b>
Other operating income	2	41,283	47,585
<b>Total Income</b>		<b>252,882</b>	<b>288,140</b>
<b>Expenses</b>			
Fulfilment		(5,410)	(5,278)
Maintenance and décor		(3,475)	(3,160)
Marketing		(2,500)	(2,468)
Staff costs	3	(38,780)	(35,744)
Depreciation	4	(132,957)	(133,513)
General and administrative costs		(1,128)	(1,055)
Operating expenses		<b>(184,250)</b>	<b>(181,218)</b>
<b>Operating profit</b>		<b>68,632</b>	<b>106,922</b>
Finance charge on leases	5	(60,105)	(67,031)
<b>Profit/(loss) before tax</b>		<b>8,527</b>	<b>39,891</b>
Tax		(1,450)	(6,781)
<b>Profit after tax</b>		<b>7,077</b>	<b>33,110</b>

**Summary management accounts**

**Statement of financial position as at**

		<b>31 March 2020 S\$ 000</b>	<b>31 March 2019 S\$ 000</b>
	<b>Notes</b>		
<b><i>Non-current assets</i></b>			
Right-of-use assets	6	700,696	822,153
Leasehold improvements	7	85,740	78,340
<b>Total non-current assets</b>		<b>786,436</b>	<b>900,493</b>
<b><i>Current assets</i></b>			
Cash and cash equivalents		29,289	10,492
Trade receivables	8	46,552	44,547
Inventory		55,362	43,863
<b>Total current assets</b>		<b>131,203</b>	<b>98,902</b>
<b>Total assets</b>		<b>917,639</b>	<b>999,395</b>
<b><i>Equity</i></b>			
Share capital		32,000	32,000
Retained profits/(losses)	10	32,309	27,001
<b>Total equity</b>		<b>64,309</b>	<b>59,001</b>
<b><i>Liabilities</i></b>			
<b><i>Long-term liabilities</i></b>			
Lease liabilities	9	667,749	783,194
<b><i>Current liabilities</i></b>			
Lease liabilities	9	115,355	107,940
Trade payables		31,740	29,713
Provision for returns		22,274	2,205
Cashback due on credit cards		1,400	1,750
GST payable		14,812	15,592
<b>Total current liabilities</b>		<b>185,581</b>	<b>157,200</b>
<b>Total liabilities</b>		<b>853,330</b>	<b>940,394</b>
<b>Total equity and liabilities</b>		<b>917,639</b>	<b>999,395</b>

## Notes to the accounts

### 1. Revenue

#### Product mix analysis

	<b>2020</b>	<b>2019</b>
Fashion and footwear	48%	47%
Beauty and skincare	17%	16%
Handbags	10%	13%
Jewellery and accessories	7%	10%
Kitchen and lifestyle	10%	7%
Toys and toddler gifts	8%	7%
	<b>100%</b>	<b>100%</b>

### 2. Other operating income

In 2017 concessions were introduced into stores. Volar acts as an agent in concession arrangements and recognises a pre-determined share of gross revenue taken by concessions.

### 3. Staff costs and headcount

	<b>2020</b>	<b>2019</b>
	<b>S\$ 000</b>	<b>S\$ 000</b>
Customer service staff	(33,250)	(30,600)
Store maintenance staff	(4,000)	(3,744)
Other staff	(1,530)	(1,400)
<b>Total staff costs</b>	<b>(38,780)</b>	<b>(35,744)</b>

  

<b>Average number of employees</b>	<b>2020</b>	<b>2019</b>
Customer service	1,330	1,275
Store maintenance	200	192
Other staff	51	50
<b>Total employees</b>	<b>1,581</b>	<b>1,517</b>

Other staff includes back office employees such as merchandising, marketing, finance and administration teams.



#### 4. Depreciation

	<b>2020</b>	<b>2019</b>
	<b>S\$ 000</b>	<b>S\$ 000</b>
Right-of-use assets	(121,457)	(121,457)
Leasehold improvements	(11,500)	(12,056)
Total	<u>(132,957)</u>	<u>(133,513)</u>

#### 5. Finance charge

The finance charge relates to the interest recognised on lease liabilities.

#### 6. Right-of-use assets

	<b>2020</b>	<b>2019</b>
	<b>S\$ 000</b>	<b>S\$ 000</b>
Warehouse	186,825	205,508
Orchard Road	446,440	535,728
Suntec City	67,431	80,917
Total right-of-use assets	<u>700,696</u>	<u>822,153</u>

On inception of a lease, the present value of deposits paid plus the present value of future lease payments on the property are recognised as an asset and depreciated on a straight-line basis over the lease term. At the same time, a liability is recognised, being the present value of future payments due under the lease.

#### 7. Leasehold improvements

The leasehold improvements relate to the stores and include costs associated with updating the stores for experiential shopping. The improvements are being depreciated on a straight-line basis over the term of the related lease.

## 8. Trade receivables

The trade receivables balance represents amounts owing by credit card operators as well as balances outstanding on the Volar store card which was launched in 2014. The card offers cash back as well as giving holders access to exclusive fashion and lifestyle events held at Volar. Commissions paid to credit card operators are included within general and administrative costs.

## 9. Lease liabilities

	2020		2019	
	Current S\$ 000	Non- Current S\$ 000	Current S\$ 000	Non- Current S\$ 000
Warehouse	16,113	196,162	15,191	212,365
Orchard Road	85,553	406,542	79,956	492,095
Suntec City	13,689	65,045	12,793	78,734
	<u>115,355</u>	<u>667,749</u>	<u>107,940</u>	<u>783,194</u>

Annual rental payments are \$28,855,000 in respect of the warehouse, \$120,000,000 in respect of the Orchard Road store and \$19,200,000 in respect of the Suntec City store.

## 10. Dividends

Dividends of \$1,769,000 (2019: nil) were paid in respect of the year ended 31 March 2020.

**END OF EXHIBIT 13**

**Email from Zac Lee, Volar’s management accountant, to Mai Koh**

**Zac Lee**

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**From:** Zac Lee <Zlee@Volar.sg>  
**Sent:** 6 June 2020 6:43 am  
**To:** Mai Koh <Mkoh@volar.sg>  
**Subject:** Benchmarks

Good morning Mai,

I have obtained some industry benchmarks that can be used in evaluating Volar’s financial and non-financial performance. As we discussed, the use of benchmarks can ensure that we do not remain too inwardly focussed and that we can see how we are performing against the industry as a whole. Here is a summary of what I think are the most relevant benchmarks:

	<b>Industry average in 2019</b>
Customer service employees/square foot	1.2
Shopper dwell time <sup>1</sup>	26
Footfall (shoppers per hour)	46
Industry average revenue per square foot	\$950

(<sup>1</sup> Shopper dwell time shows the length of time each shopper spends in store in minutes)

The marketing department has provided me with Volar's statistics for shopper dwell time and footfall:

	<b>Year ended 31 March 2020</b>	<b>Year ended 31 March 2019</b>
Shopper dwell time	62	46
Footfall (shoppers per hour)	49	66

I will need to calculate the other two statistics for Volar. The information for these is available in the management accounts.

We can discuss these further when you have time.

**Regards**

Zac Lee  
*Management Accountant*

**END OF EXHIBIT 14**

**Report to the board of directors from Adela Chua, project manager, 10 June 2020**

**To: The board of directors**

**From: Adela Chua, project manager**

**Date: 10 June 2020**

**Subject: Multi channel strategy**

As requested, following the meeting of the board of directors in February, a small team of us have worked on a proposal for the multi-channel strategy for the board to consider.

**Approach**

We will set up a website that enables customers to see the digital catalogues that we have already produced using a personal computer with a web browser. Customers will be able to order products online for delivery to their homes or collection at either of our two stores. Similarly, in stores, customers will have the option of ordering products for home delivery as if they had ordered from our web site. We will only sell through the web site directly and will not sell through third party sites. The website will go live on 1 October 2020.

When customers order for home delivery, they will be able to select the type of delivery: within two hours, same day delivery, or standard (2-3 days). Customers will pay for delivery unless their order is over \$100, in which case customers can choose standard delivery free of charge. The delivery costs would be paid directly to the logistics company by the customer. Where the customer qualifies for free delivery, the costs of the delivery will be paid by Volar.

Alternatively, customers can choose “click and collect” whereby they order online but can pick up the goods from either of our two stores the following day. There will be a dedicated “click and collect” counter at each store from where customers can collect goods ordered online if they choose this option. This counter will also be available if customers wish to return goods bought online in store, rather than sending the goods back to the warehouse.

## **Logistics**

The website will be set up and managed on our behalf by Amazing Infrastructure Services (AIS), a well-known e-commerce company. It will run the website on the cloud (from its own servers), including maintaining a database of all customers who order online. This was considered preferable than trying to manage the required hardware and software in house. We will pay a fee of \$5,000 per month to AIS. AIS will also charge us an onboarding fee of \$10,000 for setting up the systems. This will be a one-off fee payable on the day the website goes live.

The sales teams will be able to make changes to the online catalogues, including sales promotions as required.

Additional staff will be employed at the warehouse in Paya Lebar. As orders come in, these staff will pick the goods and pack them for despatch. We will use a third-party logistics company, Nimblevan, to collect the parcels from Paya Lebar and deliver them to the customers. Nimblevan’s systems will be integrated with ours, so that when a customer places an order on our website, a Nimblevan courier is booked at the same time, and the delivery details (customer name and address) are forwarded to Nimblevan’s systems.

The website will be interfaced with our inventory control system at Paya Lebar, so that when a customer places an order, inventory levels can be checked before the order is confirmed, to ensure that the goods are in stock. If they are not, the customer will be sent a message that the order cannot be fulfilled at this time. This is rarely expected to occur.

## Financial assumptions

For the six months period from 1 October 2020 to 31 March 2021, we estimate that sales revenue from the web site will be as follows:

Segment	\$ 000
Fashion and footwear	13,283
Beauty and skincare	1,155
Handbags	3,754
Jewellery and accessories	1,444
Kitchen and lifestyle	674
Toys & toddler gifts	2,020
Total	<u>22,330</u>

For the forecast year ended 31 March 2022, sales from the web site would be 2.4 times the amounts stated above for all product segments, given that the site will operate for a full year, and given our assumption that revenue will grow by 20% per year. In future years, sales growth will be 20% per year for all product segments. These assumptions appear optimistic, but we believe that the increasing popularity of online shopping in Singapore is being accelerated by the coronavirus pandemic, with many shoppers preferring to stay at home and shop online.

We can assume that the gross profit margins for each line will be the same as the budget for the stores (**Exhibit 11**).

No additional warehouse space will be required, as our warehouse in Paya Lebar is not fully utilised so there should be plenty of space to enable the business to expand without requiring additional space.

We will require 5 additional employees in the warehouse, who would be responsible for picking the goods as orders come in and packing them. These staff will cost \$22,000 per person per year.

\$20,000 will be required for additional equipment, including computer hardware, a packing and labelling machine, and networking improvements. These will be amortised over five years.

We estimate that the average order size will be \$300. 50% of deliveries will qualify for free delivery as they will be over \$100 and will choose the standard delivery. In cases where customers qualify for free delivery, Volar would be charged \$5 per delivery by Nimblevan. Customers will have several options to pay for their purchases, including using their Volar store card, any major credit card, and online payment services such as PayPal.

All the costs and revenues above relate to the new omni-channel part of the business. We can assume that there will be no impact on the costs and revenues of the stores given that our existing customers enjoy the experience of visiting the store. Ms. Koh has told me that she will arrange for some financial projections to be prepared showing the profits of the online business in the first five financial years.

I would like to thank everyone who has worked on the team to put this proposal together, including all the marketing managers, the warehouse manager and the chief buyer.

**END OF EXHIBIT 15**



**Email from Mai Koh, Volar's Finance Director, to Volar's board of directors**

**Mai Koh**

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**From:** Mai Koh <MKoh@Volar.sg>  
**Sent:** 14 June 2020 11:43 pm  
**To:** Volar board of directors <Board@volar.sg>  
**Subject:** Orchard Road lease

Hi all,

Good news! In the light of continuing pressures on the retail sector, our solicitors at Turner and Dallas have managed to negotiate a rent reduction for the remainder of the lease term of the Orchard Road Store.

The landlord is keen to support us through these difficult times but is also mindful that the retail sector may enjoy a faster recovery than expected. On this basis, we have agreed that the following changes will take effect from 1 April 2021 to the end of the lease period:

1. A reduced rent of \$260 per square foot per annum (previously \$300) will be payable, annually in arrears.
2. An additional amount equal to 10% of the store's total annual revenue in excess of \$350 million will be payable each year.
3. The original 10-year lease term will be unchanged.

We currently think there's a 25% chance that retail will bounce back sufficiently for revenues to reach \$360 million in the year ended 31 March 2022.

We do have an option to terminate the lease on 31 March 2022, however, I think that it is highly unlikely that we could exercise this option.

Our incremental borrowing rate when the lease commenced was 7%; we anticipate it to be 5% at the date of the modification.

I am just investigating the financial reporting impact of this change. Please get in touch if you'd like any further detail.

Thanks,

Mai Koh

Finance Director

**END OF EXHIBIT 16**

**VOLAR - MINUTES OF A MEETING OF THE BOARD OF DIRECTORS**

**20<sup>TH</sup> JUNE 2020**

Present: **Shaun Ng**, Chairman and Chief Executive; **Jessica Chau**, Director of Marketing; **Mai Koh**, Director of Finance; and **Brent Atkinson**, Human Resources Director.

1. Mr Ng opened the meeting. The purpose of the meeting was to discuss how Volar can react in the short term to the very challenging circumstances brought about by the pandemic. The pandemic has already had a huge impact on the revenues of Volar, and unless the company take action now, there is a real threat that it may not survive to the end of the financial year.
2. Ms. Koh told the meeting that in the current financial year, which started on 1 April 2020, revenue has been virtually zero as a result of the “circuit breaker” regulations that were introduced from 7 April 2020, whereby the stores have had to close for at least one month. Going forward, it is unlikely that the tourism trade will recover completely in the current financial year and the local economy will also be adversely affected meaning that both foreign and local customers would spend a lot less in the stores. The budget profit that had been prepared for the year ended 31 March 2021 (**Exhibit 11**) would now need revising to take account of these developments.
3. Mr Atkinson informed the meeting about the Jobs Support Scheme (JSS) that the Singapore government introduced earlier in the year to support employers through the period. Volar will receive support in the form of a cash payment from the government. The amount of support is 75% of wages paid in April and May 2020, and 25% of wages paid from June to December 2020. For the purposes of budgeting, ignore any seasonality in wage costs.

4. Mr Ng suggested three potential options.
  - a. The first option is that the stores would remain open as usual (subject to government regulations) and staffing costs would remain as per the budget.
  - b. The second option is to reduce opening hours to 75% of the current opening hours. There would be no redundancies, but all staff would receive only 75% of their current pay. This would last from 1 July 2020 until 31 March 2021.
  - c. The third option would be to make 50% of the staff redundant and to reduce the store opening hours to 75% of the current hours. Staff who are not made redundant would continue to work the same number of hours per week and earn the same pay as they do now. This would take effect from 1 July 2020. It can be assumed that this would reduce staff costs by 50% per month from 1 July 2020.
  
5. Mr Atkinson pointed out that in the case of the third option, redundancy payments would need to be made. He recommended that two weeks' pay per year of service should be made. The average number of years' service is two, so it can be assumed that redundancy payments equal to one month's salary would be made to all staff who are made redundant.
  
6. Mrs Chau stated that in her opinion, under option 1, Volar's revenue including income from in-store concessions would be only 60% of the budget due to the low footfall as a result of the pandemic. Under options 2 and 3, the total revenue of Volar for the year ended 31 March 2021 would be 50% of the original budget due to the low footfall and the reduced opening hours.
  
7. Ms Koh told the meeting that she believed that fulfilment costs, maintenance and décor and marketing expenses are variable, so will fall in line with revenue. Depreciation and general and administrative costs are fixed. In the case of Option 1, investment in working capital would fall by \$20 million, while in the case of Options 2 and 3, investment in working capital would fall by \$25 million. The original budget would have resulted in no changes in working capital. Ms Koh will arrange to have

some cash flow budgets prepared for the three options, based on the assumptions that had been discussed in the meeting.

8. Mr Ng pointed out that it is essential that these matters remain totally confidential and should not be discussed with any members of staff.
9. Mr Ng asked the board if they had had time to review the proposal for the multi-channel strategy prepared by Adela Chua on 10 June (Exhibit 15). Given that the project is due to go live on 1 October, a decision is required as a matter of urgency. Ms Koh suggested that some financial projections should be prepared based on the assumptions made and distributed to the board as soon as they are ready.
10. Mr Ng then thanked the directors for their input and declared the meeting over

**END OF EXHIBIT 17**

**Email from Shaun Ng to Jasmine Eng engaging Swan Chartered Accountants LLP to write a report on Volar Pte Ltd**

**Shaun Ng**

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**From:** Shaun Ng <[Sng@volar.sg](mailto:Sng@volar.sg)>  
**Sent:** 23 June 2020 08:21 am  
**To:** Jasmine Eng <ENG\_Jasmine@SwanCA.sg>  
**Subject:** Engaging Swan Chartered Accountants LLP to write a report on Volar Pte Ltd

Dear Mrs Eng,

It was nice to meet you this morning.

As I mentioned during our discussions, we would like to seek your professional advice to help us in our strategic planning so that Volar can remain a sustainable business in the very challenging retail environment. Mindful of this, I would like your firm's input on a range of matters. I would like you to present your views and recommendations in a formal report.

The elements that I wish to see in the report are set out in the attachment to this email (**Exhibit 19**).

**END OF EXHIBIT 18**

**Important Note: Candidates should assume that the current date is 23 June 2020.**

**Volar Pte Ltd: the requirements**

You are a Manager working at Swan Chartered Accountants LLP (Swan). You have been tasked by Jasmine Eng, Vice President of Business Solutions at Swan to write a report for her review prior to submission to Shaun Ng, the Chief Executive Officer of Volar Pte Ltd. Today's date is 23 June 2020.

Your formal report should comprise the following four elements:

**Exemplify  
Question  
Number**

**2**

**Requirement 1: An Executive Summary**

- (a) Write an executive summary to accompany your report. Your Executive Summary should allow Shaun Ng to obtain a general understanding of how Volar has succeeded in the difficult retail environment to date, how it can survive the crisis caused by the coronavirus pandemic, and how the company can build a sustainable business model in the longer term.

While your Executive Summary should only contain materials or points that have been discussed in the main body of the report, you are required to highlight any potential interactions between the individual standalone requirements.

**(Total: 10 marks)**

**Exemplify  
Question  
Number**

**Requirement 2: Performance analysis, analysis of the competitive nature of the retail industry and analysis of Volar's strategies to date**

**3**

- (a) Analyse the financial performance and position of Volar for the year ended 31 March 2020 using relevant financial measures and non-financial performance indicators.

**(15 marks)**

**4**

- (b) Evaluate the competitive nature of the department stores industry in Singapore using Porter's five forces model. Your answer should include a quantitative analysis of Volar's competitors.

*Note : 3 marks will be awarded for appropriate calculations relating to Volar's competitors and 7 marks for discussion of the competitive nature of the industry*

**(10 marks)**

**5**

- (c) Analyse the strategies adopted by Volar that have enabled the company to succeed to date in the difficult retail environment.

**(10 marks)**

**(Total: 35 marks)**



**Exemplify  
Question  
Number**

**Requirement 3: Strategic options and financial projections**

**6**

- (a) Evaluate the proposed strategy for online sales, described in **Exhibit 15**.

**Note:** Candidates are not required to evaluate the assumptions supporting the proposed strategy or consider financing.

**(6 marks)**

**7**

- (b) Based on the assumptions in the proposed strategy for online sales, described in **Exhibit 15**,

- (i) draft financial projections showing profits for the online business for the six-month period to 31 March 2021 and then for each year from 31 March 2022 to 31 March 2025, inclusive; and

**(6 marks)**

- (ii) Discuss the acceptability of the project based on your financial projections. Your answer should include an evaluation of the assumptions used in preparing the projections.

**(11 marks)**

**Exemplify  
Question  
Number**

**Requirement 3: Strategic options and financial projections**

**8**

(c) In relation to the modification to the lease agreement on the Orchard Road store in **Exhibit 16**, without calculations, explain the:

(i) financial reporting implications

**(5 marks)**

(ii) taxation implications

**(4 marks)**

**9**

(d) Discuss the financial reporting implications of the sub-letting of space to the concessions.

**(3 marks)**

**(Total: 35 marks)**

**Exemplify  
Question  
Number**

**Requirement 4: Ethical considerations and sensitivity analysis of  
proposed cost cutting measures**

**10**

- (a) Calculate the budgeted cash flow for the year ended 31 March 2021 for each of the three options proposed in **Exhibit 17**, and briefly discuss the results of your calculations. Your budgets should show the budget cash and cash equivalents at 31 March 2021 for each option.

*Note 1 : Candidates should ignore revenues and costs from the proposed strategy for online sales.*

*Note 2 : 9 marks will be awarded for calculations and 5 marks will be awarded for discussions.*

*Note 3 : In relation to the regulations of the jobs support scheme, Candidates should only use the information provided in Exhibit 17.*

**(14 marks)**

**11**

- (b) Discuss the ethical considerations and underlying implications of the three options proposed in **Exhibit 17** in response to the pandemic.

**(6 marks)**

**(Total: 20 marks)**

**END OF EXHIBIT 19**

**END OF PAPER**