

# Download File PDF Acca Examination Papers And Answers

#Jenny



Finally I get this ebook, thanks for all these I can get now!

#Rio



Cool! I'am really happy

#Markus Jensen



I did not think that this would work, my best friend showed me this website, and it does! I get my most wanted eBook

#Hun Tsu



wtf this great ebook for free?!

#Che Salsa



My friends are so mad that they do not know how I have all the high quality ebook which they do not!

#Diego Butler



so many fake sites. this is the first one which worked! Many thanks

Background  
Cab Co owns and runs 300 taxis and had sales of \$10 million in the last year. Cab Co is considering introducing a new computerised taxi tracking system.

The expected costs and benefits of the new computerised tracking system are as follows:

- (1) The system would cost \$2,100,000 to implement.
- (2) Depreciation would be provided at \$420,000 per annum.
- (3) \$75,000 has already been spent on staff training in order to evaluate the potential of the new system. Further training costs of \$425,000 would be required in the first year if the new system is implemented.
- (4) Sales are expected to rise to \$11 million in Year 1 if the new system is implemented, thereafter increasing by 5% per annum. If the new system is not implemented, sales would be expected to increase by \$200,000 per annum.
- (5) Despite increased sales, savings in vehicle running costs are expected as a result of the new system. These are estimated at 1% of total sales.
- (6) Six new members of staff would be recruited to manage the new system at a total cost of \$120,000 per annum.
- (7) Cab Co would have to take out a maintenance contract for the new system at a cost of \$75,000 per annum for five years.
- (8) Interest on money borrowed to finance the project would cost \$150,000 per annum.
- (9) Cab Co's cost of capital is 10% per annum.

Task 1 0 of 5 marks  
In order to determine whether a computerised tracking system should be introduced, indicate whether each of the following is a relevant or an irrelevant cost for a net present value (NPV) evaluation.

Computerised tracking system investment of \$2,100,000	<input type="text"/>
Depreciation of \$420,000 in each of the five years	<input type="text"/>
Staff training costs of \$425,000	<input type="text"/>
New staff total salary of \$120,000 per annum	<input type="text"/>
Staff training costs of \$75,000	<input type="text"/>
Interest cost of \$150,000 per annum	<input type="text"/>

Task 2 0 of 3 marks  
Calculate the following values if the computerised tracking system is implemented.

Incremental sales in Year 1	\$ <input type="text"/>
Savings in vehicle running costs in Year 1	\$ <input type="text"/>
Present value of the maintenance costs over the life of the contract	\$ <input type="text"/>

[Download PDF version of :](#)  
**Acca Examination Papers And Answers**