



**General Certificate of Education (A-level)
January 2011**

Accounting

ACCN4

(Specification 2120)

**Unit 4: Further Aspects of Management
Accounting**

Report on the Examination

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Unit 4 Further Aspects of Management Accounting

General

The majority of candidates were able to attempt each question. There were no apparent timing issues. Although at times there were obvious gaps in candidate knowledge and most produced reasonable answers to each question with some excellent scripts. Some candidates had been very well prepared for this examination with well thought-out prose answers and clear and logical presentation of workings.

Task 1

- 01** This question was well answered by the majority of candidates. The main errors included omitting the factory safety costs and incorrectly adjusting the building insurance for the accrual and 75%. The question stated that there were two marks for the presentation so care was needed on the correct layout, identifying the prime cost and heading. Unfortunately many candidates did not use the correct heading by omitting 'plc', using 'ending', not labeling the production cost of manufacture and using shorthand in the heading, 'Dec'.
- 02** The majority of candidates gave full, detailed answers. The best answers had sub-headings for benefits, limitations and advice with a reasoned judgement. A few focused on just either the benefits or the limitations.

Task 2

- 03** Many candidates scored full marks and clearly showed their workings. A common mistake was to include inventory in the budget or to ignore the different prices. A clear layout is recommended for all budgets.
- 04** Candidates produced excellent answers to the production budget whereas some did not know the budget layout. The most common error was to use sales revenue rather than sales in units. Also, many candidates included the calculation of the cost of production within their budget.
- 05** Clear workings needed to be shown for this question. Unfortunately, some candidates calculated the net cash flows from period 1 not period 10 when the machine was purchased. Also the payback had to be stated in periods not years or days. The most common error was to forget that the production units were different to the sales units in period 10.
- 06** This was well answered with many candidates giving good thought out answers. The best answers used the information within the task and stated that the business had already passed the break even point so any contribution made after this was profit. However, candidates must remember to give a final recommendation when the question asks for advice.

Task 3

- 07** The vast majority of candidates correctly identified the costing method.
- 08** Many candidates answered this question well with detailed knowledge of activity based costing. Although a few described the marginal method of costing instead of ABC.

Task 4

- 09** Alternative approaches were acceptable here with candidates either calculating the total negative contribution of £459 and then dividing by units to achieve 0.17p, or by calculating contribution per unit by using selling price per unit less direct costs per unit. The most common error was to omit to calculate the change in contribution per unit.
- 10** The definition of a variance had to be precise. The answer had to clearly state that it was the difference between budgeted costs and revenues and actual costs and revenues. The difference between two figures is not enough.

(11) and (12)

The variances were correctly calculated by the majority. Candidates must ensure that each variance is clearly identified, pound signs are used and the direction of the variance is stated to achieve full marks.

- 13** A large number of candidates were able to answer this question in detail. Referring to the material price and labour rate variances both being adverse and exceeding the favourable material usage and labour efficiency variances therefore reducing profit. A few candidates also referred to the negative contribution of product B and suggested that production of the product was stopped. Unfortunately, quite a few candidates gave answers to a question they were expecting, namely the reasons for these variances and how to improve them. These comments were unrewarded as they were not needed in order to answer the question asked. Most candidates clearly identified a recommendation on whether to continue the production of both products for Xui.

Mark Ranges and Award of Grades

Grade boundaries and cumulative percentage grades are available on the [Results statistics](#) page of the AQA Website.