



**General Certificate of Education (A-level)
January 2012**

Accounting

ACCN4

(Specification 2120)

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

Report on the Examination

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General

There were no apparent timing issues and the majority of students were able to access the paper and answer each question. Although at times there were obvious gaps in student knowledge, most produced reasonable answers to each question with some excellent scripts. Some students had been very well prepared for this examination with well thought-out, logical and balanced prose answers and neat presentation of workings.

Task 1

- 01** This question was correctly answered by most students. The main error was the omission of the fixed overheads illustrating a misunderstanding of the term full cost.
- 02** This question was again well answered by the majority of students. Common errors included the use of both the total costs instead of fixed costs, and using selling price not contribution within the break even formula.

Task 2

- 03** Many students scored full marks and presented a neat manufacturing account. Workings were shown clearly either within the body of the answer or outside the account. Headings were often complete and prime cost was identified. A common mistake was to ignore the carriage inwards within the prime cost section or to include administration and distribution costs within the factory overheads. A clear layout is recommended.
- 04** This question asked for a report from the viewpoint of the shareholders. Many students did not present their answer in a report format and instead wrote an essay. Others gave valid comments which unfortunately were generic and not from the viewpoint of a shareholder. Many students wrote detailed answers considering both the financial and non-financial effects of moving the manufacturing process to Eastern Europe. Most students were able to justify their final recommendation.

Task 3

- 05** This question was well answered by the vast majority of students with many achieving full marks. Students needed to show clear workings of both of the inflows and outflows. A common error was to consider just the inflows or just the outflows instead of the net cash flow. It is also recommended that students produce a final table to show the calculation of the net present value rather than a page of workings.
- 06** As usual students were either able to calculate variances or did not know the correct method to use. Students must ensure that each variance is clearly identified (especially when using the tabular format for calculation rather than formulae), pound signs are used and the direction of the variance is clearly stated to achieve full marks. Care must also be taken with flexing the figures for the calculation of the direct material price and the direct labour efficiency variances.
- 07** Although some students believed that the labour efficiency variance arose because a different amount of units had been produced, the majority of students were able to give valid reasons for the favourable variance, for example no machine breakdown as the machine was new, or a skilled workforce.

Task 4

- 08** The majority of students correctly calculated the contribution per jacket and most then went on to correctly calculate the contribution per labour hour.
- 09** Alternative approaches were acceptable here, although some students did not understand how to calculate the hours used in production for each jacket.
- 10** The answers to this question often described generic problems with the method used to calculate the production plan, instead of focusing on the problems associated with producing only two types of jackets. Practical answers were acceptable, for example, the loss of customers, opportunities for the competition and the potential loss in market share with the non-production of the sports jacket.

Although many students produced a perfect labour budget, this question was generally not answered well. Many students just divided the labour hours by 13 periods instead of noticing that labour hours varied during the seasonal peak periods. Despite clear indication given in the question of the required layout, many students provided the total cost of the labour instead of the hours and number of employees needed for each period.

Mark Ranges and Award of Grades

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