Centre No.						Paper Reference							Surname	Initial(s)
Candidate No.						6	0	0	2	/	0	1	Signature	

Paper Reference(s)

6002/01

London Examinations GCE

Accounting (Modular Syllabus)

Advanced Subsidiary/Advanced Level

Unit 2: Corporate and Management Accounting

Friday 18 January 2008 – Afternoon

Time: 3 hours

Examiner's use only		

Team Leader's use only		

Question Number	Leave Blank
1	
2	
3	
4	
5	
6	
7	
Total	

Materials required for examination	Items included with question papers
Nil	Source booklet

Instructions to Candidates

In the boxes above, write your centre number, candidate number, your surname, initial(s) and signature.
Answer FIVE questions, choosing TWO from Section A and THREE from Section B.
Indicate which question you are answering by marking the box (☒).
If you change your mind, put a line through the box (☒) and then indicate your new question with a cross (☒).
All calculations must be shown.
Write your answers in the spaces provided in this question paper.
Do not return the insert with the question paper.

Information for Candidates

The marks for individual questions and the parts of questions are shown in round brackets: e.g. **(2)**.
There are 7 questions in this question paper. The total mark for this paper is 100.
There are 28 pages in this question paper. Any blank pages are indicated.
Calculators may be used.
The source material for use with questions 1 to 7 is in the enclosed source booklet.

Advice to Candidates

Write your answers neatly and in good English.

This publication may be reproduced only in accordance with Edexcel Limited copyright policy.
©2008 Edexcel Limited.

Printer's Log. No.
M29057A
W850/6002/57570 4/4/4

M 2 9 0 5 7 A 0 1 2 8

Turn over

edexcel
advancing learning, changing lives

Leave blank

SECTION A

Answer TWO questions from this section

If you answer question 1, put a cross in this box (☒).

Source material for use with question 1 can be found on pages 2 and 3 of the source booklet

1. (a) Prepare the balance sheet for Peninsular Film Studios plc as at 31 December 2007 in accordance with format one of the Companies Act 1985.

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

Leave blank

M 2 9 0 5 7 A 0 3 2 8

Leave blank

(20)

M 2 9 0 5 7 A 0 4 2 8

Leave blank

(b) Evaluate the importance of the Auditors' Report that accompanies the financial statements of a company.

(6)

(Total 26 marks)

Q1

Leave blank

If you answer question 2, put a cross in this box (☒).

Source material for use with question 2 can be found on pages 4 and 5 of the source booklet

2. (a) Stating the formula used in each case, calculate for December 2007:

(i) the variances for materials usage, materials price, and total materials cost.

....

....

....

....

....

....

....

....

....

....

....

....

....

....

....

....

....

....

....

....

(6)

(ii) the variances for labour efficiency, labour rate, and total labour cost.

(6)

Leave blank

(b) Calculate the actual profit for the month.

(3)

Leave blank

(c) Calculate

- for December, the production cost of **one** pot.
- for January, the expected production cost of **one** pot and the selling price of **one** pot.

(5)

Leave blank

(d) Evaluate the decision to pass on the increase in production cost to the customer.

....

....

....

....

....

....

....

....

....

....

....

....

....

....

....

....

....

....

....

....

....

....

....

....

(6)

Q2

(Total 26 marks)

M 2 9 0 5 7 A 0 1 0 2 8

Leave blank

If you answer question 3, put a cross in this box (☒).

Source material for use with question 3 can be found on page 6 of the source booklet

3. (a) Distinguish between capital reserves and revenue reserves, giving **two** examples of each type.

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

(6)

Leave blank

(b) Prepare the ledger accounts for the financial year ended 31 December 2007 for the following:

- Preference share capital account
- Ordinary share capital account
- Share premium account
- Capital redemption reserve account

Leave blank

(11)

Leave blank

(c) Calculate the return on capital employed for the year ended 31 December 2007, stating the formula used.

(3)

M 2 9 0 5 7 A 0 1 4 2 8

Leave blank

(d) Evaluate the decision of the directors to redeem the preference shares and issue ordinary shares.

....

....

....

....

....

....

....

....

....

....

....

....

....

....

....

....

....

....

....

....

....

(6)

Q3

(Total 26 marks)

TOTAL FOR SECTION A: 52 MARKS

Leave blank

SECTION B

Answer THREE questions from this section

If you answer question 4, put a cross in this box (☒).

Source material for use with question 4 can be found on page 7 of the source booklet

4. (a) Prepare a cash budget for the first **four** months of trading.

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

Leave blank

(10)

(b) Prepare a debtors budget, to show the value of debtors at the end of each month.

(2)

Leave blank

(c) Evaluate whether the expected level of directors' drawings is appropriate for the business during the first four months of trading.

....

....

....

....

....

....

....

....

....

....

....

....

....

....

....

....

....

....

....

....

....

....

(4) **Q4**

(Total 16 marks)

Leave blank

If you answer question 5, put a cross in this box (☒).

Source material for use with question 5 can be found on page 8 of the source booklet

5. (a) Calculations to complete the table.

Leave blank

(12)

M 2 9 0 5 7 A 0 2 0 2 8

Leave blank

(b) Evaluate the information in the table and calculated in (a) in order to recommend the company in which Demetri should invest.

....

....

....

....

....

....

....

....

....

....

....

....

....

....

....

....

....

....

....

....

....

....

....

....

(4)

Q5

(Total 16 marks)

Leave blank

If you answer question 6, put a cross in this box (☒).

Source material for use with question 6 can be found on page 9 of the source booklet

6. (a) Calculate the total profit or loss of the Central Region oil wells for the quarter (three months) ended 31 December 2007. Within the total, show the profit or loss for the oil wells at Al Quarat, Jenberouk, and Sudamis.

....

....

....

....

....

....

....

....

....

....

....

....

....

....

....

....

....

....

....

....

....

(6)

Leave blank

(b) Calculate the profit or loss, and the contribution, made by each of the three oil wells, **per barrel**, for the quarter (three months) ended 31 December 2007.

(6)

Leave blank

(c) Evaluate the figures calculated in (b) to make a decision as to the future of each of the three oil wells.

.....

.....

.....

Leave blank

If you answer question 7, put a cross in this box (☒).

Source material for use with question 7 can be found on pages 10 and 11 of the source booklet

7. (a) A statement reconciling the net operating profit to the net cash flow from operating activities, for the year ended 31 December 2007.

Leave blank

(9)

M 2 9 0 5 7 A 0 2 6 2 8

Leave blank

(b) An analysis of the changes in bank and cash balances for the year ended 31 December 2007.

.....

.....

.....

Leave blank

(c) Evaluate the importance of liquidity to a business.

.....

.....

.....