SPECIMEN

OCR RECOGNISING ACHIEVEMENT

ADVANCED SUBSIDIARY GCE

ACCOUNTING **F014**

Management Accounting

Candidates answer on the question paper

SPECIMEN 2010

OCR Supplied Materials:
None

Duration: 2 hours

Other Materials Required:
None

Candidate Forename		Candidate Surname	

Centre Number						Candidate Number				

INSTRUCTIONS TO CANDIDATES

- Write your name clearly in capital letters, your Centre Number and Candidate Number in the boxes above.
- Use black ink. Pencil may be used for graphs and diagrams only.
- Read each question carefully and make sure that you know what you have to do before starting your answer.
- Answer **all** the questions.
- Do **not** write in the bar codes.
- Write your answer to each question in the space provided; however additional paper may be used if necessary.

INFORMATION FOR CANDIDATES

- The number of marks for each question is given in brackets **[ ]** at the end of each question or part question.
- The total number of marks for this paper is **120**.
- In these two questions/sub-questions, you will be assessed on the quality of your written communication. In one of these questions, the focus will be on your ability to present numerical information legibly and in an appropriate accounting format. In the other, you will be assessed on the legibility and style of writing, the clarity and coherence of your arguments and the accuracy of your spelling, punctuation and grammar.
- This document consists of **16** pages. Any blank pages are indicated.

2

1* REQUIRED

The Cash Budget for the three months ending 31 March 2007, and the Budgeted Trading and Profit and Loss Account for the three months ending 31 March 2007.

Show your workings to **question 1(a)** below.

Working Box:

1* REQUIRED

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.... **[27]**

[Turn Over

2 REQUIRED

(a) The Contract Account for the year ended 31 December 2006.

Show your workings to **question 2(a)** below.

Working Box:

SPECIMEN

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.... **[16]**

(b) State and briefly explain the accounting concept involved in the calculation of profit to be credited to the accounts for the year ended 31 December 2006.

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....**[3]**

(c) It is intended that the new factory be fully automated with the consequence of a number of redundancies amongst existing employees. From the social responsibility viewpoint, what factors should the business consider, and what assistance could it give to employees who will eventually be made redundant at the site (the majority of whom it is anticipated will be taking early retirement)?

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Total Marks [28]

3 REQUIRED

(a) A statement to show the maximum profit Sandstone Limited could make in its next financial year under Option 1. Show the contribution per unit for each product, and the ranking of each product in your calculations.

Show your workings to **question 3(a)** below.

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.... **[13]**

(b) A statement to show the maximum profit Sandstone Limited could make in its next financial year under Option 2. Show the contribution per unit for each product in your calculations.

Show your workings to **question 3(b)** below.

Working Box:

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(c)* Evaluate the options being considered by Sandstone Limited.

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Total Marks [36]

4 REQUIRED

(a) Calculate, using appropriate bases, the overhead absorption rate for **each** of the production departments.

Show your workings to **question 4(a)** below.

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[Turn Over

(b) Calculate the amount of overhead that would be over or under absorbed by each production department, using the actual results provided.

Show your workings to **question 4(b)** below.

Working Box:

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.... **[4]**

(c) Discuss the problems associated with using predetermined overhead absorption rates, indicating how an inaccurate rate of overhead absorption can adversely affect the profits of a business.

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Total marks [29]

15

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