



**ADVANCED GCE**  
**ACCOUNTING**  
 Management Accounting

**F014**

Candidates answer on the Question Paper

**OCR Supplied Materials:**  
 None

**Other Materials Required:**  
 None

**SPECIMEN 2010**

**Duration: 2 hours**



Candidate Forename		Candidate Surname	
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Centre Number								Candidate Number					
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**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 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.



Answer **all** questions.

- 1\* The following is a summary of the Balance Sheet for Jade plc as at 31 December 2006.

	£	£
<i>Fixed Assets at cost</i>		65,000
Less depreciation to date		<u>14,000</u>
		51,000
<i>Current Assets</i>		
Stock	60,000	
Trade Debtors	35,000	
Bank	<u>14,300</u>	
	109,300	
<i>Current Liabilities</i>		
Trade Creditors	<u>30,000</u>	
		<u>79,300</u>
		<u>130,300</u>
<i>Capital and Reserves</i>		<u>130,000</u>

The company is in the process of preparing budgets for the three months ending 31 March 2007, and the following information is available.

- (i) Budgeted sales (which provide a gross profit of 25% on cost) are:

	£
December 2006	70,000
January 2007	75,000
February 2007	65,000
March 2007	100,000
April 2007	90,000

Half the sales are paid for in the month in which the sales are made and attract a 2% cash discount. The remainder are paid net the following month.

- (ii) It has been company policy since January 2006 to arrange purchases such that stock at the end of each month exactly covers sales for the following month. Half of the purchases are paid in the month received and the company have negotiated a 2.5% discount for prompt payment. The remainder are paid net the following month.
- (iii) Expenses (excluding depreciation) are £8,400 per month, payable in the month they are incurred.
- (iv) The company will be purchasing additional fixed assets costing £17,000 on 1 January 2007, with 50% payable in February 2007 and the balance in May 2007. Depreciation on all fixed assets is at the rate of 10% per annum on cost (rates being charged from the date of purchase).













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- 4 Monarch plc had estimated the following factory indirect costs for its financial year ended 31 December 2006.

	£
Indirect wages	610,000
Repairs and maintenance	95,600
Canteen	35,200
Insurance of machinery	27,000
Insurance of premises	24,000
Heating and lighting	32,500
Consumables	4,900
	<u>829,200</u>

The company calculated a suitable overhead absorption rate for each of the two production departments using the following information.

	Production Departments		Service Departments	
	Machining	Assembly	Maintenance	Canteen
Machine cost (£)	375,000	125,000	–	–
Direct machine hours	270,000	30,000	–	–
Direct labour hours	75,000	303,000	–	–
Premises area (square metres)	7,200	6,400	1,600	800
Number of employees	48	81	15	6
Consumables (£)	821	1,382	1,330	1,367

The proportion of work done by each service department was:

	Machining	Assembly	Maintenance	Canteen
Maintenance (%)	75	25	–	–
Canteen (%)	30	55	15	–

The actual results for the year ended 31 December 2006 were as follows:

	Machining	Assembly
Factory indirect costs (£)	397,100	412,600
Direct machine hours	275,000	29,500
Direct labour hours	78,000	290,000





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