



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

**Accounting**

**ACCN4**

**(Specification 2120)**

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

***Report on the Examination***

---

Further copies of this Report on **the Examination** are available from: [aqa.org.uk](http://aqa.org.uk)

Copyright © 2012 AQA and its licensors. All rights reserved.

**Copyright**

AQA retains the copyright on all its publications. However, registered schools/colleges for AQA are permitted to copy material from this booklet for their own internal use, with the following important exception: AQA cannot give permission to schools/colleges to photocopy any material that is acknowledged to a third party even for internal use within the centre.

Set and published by the Assessment and Qualifications Alliance.

The Assessment and Qualifications Alliance (AQA) is a company limited by guarantee registered in England and Wales (company number 3644723) and a registered charity (registered charity number 1073334).  
Registered address: AQA, Devas Street, Manchester M15 6EX.

## General Comments

This examination covered a variety of topics, and although at times there were obvious gaps in student knowledge, the majority answered all questions, with most students producing reasonable answers. There were some excellent scripts, which demonstrated well thought-out, logical and balanced prose answers, with neatly presented workings. This illustrated that students had been well prepared for this examination. There were no apparent timing issues.

### Task 1

- 01** This question was correctly answered by most students, although some students simply gave the break even formula which is not a definition.
- 02** For this question, students were required to give an opinion as whether it was more important for a business to break even or have liquid funds. Many students were able to give a balanced opinion on both, with a final judgment, although a few believed that if a business broke even, it automatically had cash in the bank. Good answers included comments on the problems created by holding large liquid funds. Other answers referred to the scenario by noting that the business concerned was a small limited company with limited liability. They then went further to explain the issues that could arise when trying to get extra liquid funds from external bodies.

### Task 2

- 03** Many students scored full marks with a neat and detailed income statement extract. A common error was to include inventory in the extract or to add the increase in provision.
- 04** This question required the students to work backwards which many found challenging. A common error was to multiply the inventory cost at 2011 by  $20/120 = £2100$  instead of 20% to achieve the provision of £2520. When working out the inventory at 2012, the incorrect percentage was often used.
- 05** The extracts produced often omitted the headings for the presentation mark, namely the full title of the balance sheet with the name of the owner and current assets. Another common error was to incorrectly use the value of the closing inventory from Question 04 as the inventory which included the provision instead of the 'at cost value'.
- 06** This question was well answered with students referring to IAS2 and the relevant concepts.

### Task 3

- 07** This question was well answered by the majority of students with many achieving full marks. Students used two approaches, either they used the total cost then divided by units, or alternatively, they worked out the cost per unit. The most common error was to omit the overheads.
- 08** Most students were able to calculate the direct labour rate variance. Students were able to either calculate the variance or did not know the correct method to use. When using the tabular format for calculations rather than formulae, students must ensure that each variance is clearly identified, pound signs (£) are used and the direction of the variance is clearly stated, to achieve full marks.
- 09** Calculating the direct labour efficiency variance caused more problems to students. Students should be advised to take care with flexing the figures for the calculation of this variance.
- 10** The majority of students correctly calculated the payback period, although a common error was to include depreciation as a cost and to state the answer as years and days instead of years and months as per the question. It is vital that students clearly show their workings in this type of question.
- 11** This question was well answered by the majority of students who produced well thought out answers with a logical recommendation. Although many students did not produce a report as required, the quality of written communication showed improvement; only a few students used text language or slang. The better students made comments on the cash flow issues of raising the necessary finance, the environmental issues of the robots, the effects on the current staff and the possible resistance to training to use the robots. Many students referred to their answers for the short payback calculated in Question 10.

### Task 4

- 12** Unfortunately, some students did not produce a contribution statement and simply calculated the contribution per unit, ignoring the limiting factor. To achieve full marks, a statement was required, identifying the maximum number of units to be produced of each type of wallpaper as well as the total contribution and total profit.
- 13** Although it was expected that students would use the contribution previously calculated in Question 12, there were many different approaches used. These included, adjusting the original profit from Question 12 to re-calculating the profit from the beginning. The most important thing was for the student to clearly show both the workings and the final answer. This was the least well answered question on the paper.
- 14** Students used different approaches and not just using the contribution calculated in Question 12. Some students assumed that all production in the UK would end and that all inventory would be bought in.
- 15** This question was well answered, and even if students made errors in Questions 13 and 14, they would have still been able to make valid comments on the problems and benefits of employing seasonal part-time staff and buying in inventory. The common error was to omit the final recommendation.

### Mark Ranges and Award of Grades

Grade boundaries and cumulative percentage grades are available on the Results statistics page of the AQA Website.

UMS conversion calculator [www.aqa.org.uk/umsconversion](http://www.aqa.org.uk/umsconversion)