



ADVANCED GCE
ACCOUNTING
 Management Accounting

F014

Candidates answer on the Question Paper

OCR Supplied Materials:

- Resource Booklet

Other Materials Required:

- A calculator may be used

Thursday 24 June 2010
Afternoon

Duration: 2 hours



Candidate Forename		Candidate Surname	
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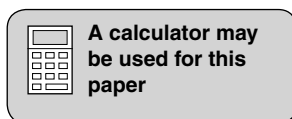
Centre Number						Candidate Number				
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INSTRUCTIONS TO CANDIDATES

- 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.
- The information required to answer questions 1–4 is contained within the Resource Booklet.
- Read each question carefully and make sure that you know what you have to do before starting your answer.
- Answer **all** the questions.
- You must show the calculations leading to your answers.
- Do **not** write in the bar codes.
- Write your answer to each question in the space provided. Additional paper may be used if necessary but you must clearly show your Candidate Number, Centre Number and question number(s).

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**.
- The quality of written communication will be taken into account when marking your answers to questions labelled with an asterisk (*).
- 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.



REQUIRED

1 (a) For Kingsbridge Ltd, calculate the following variances from standard:

(i) material price;
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..... [2]

(ii) material usage;
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..... [2]

(iii) labour rate;
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..... [2]

(iv) labour efficiency;
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..... [2]

(v) total variable overhead;
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..... [2]

(vi) total fixed overhead;
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..... [2]

(vii) sales price;
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..... [2]

(viii) sales volume.
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..... [2]

(b) For Kingsbridge Ltd, prepare a statement reconciling budgeted (standard) cost and actual cost for April 2010.

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(c) Discuss **two** problems with introducing a standard costing system.

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Total marks [26]

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REQUIRED

- 3 (a) Calculate the annual profit if IGW Ltd continues to produce garden seats only. Show the contribution per unit in your calculations.

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- (b) Calculate the annual maximum profit if IGW Ltd produces garden seats and wooden gates. Show the contribution per unit in your calculations.

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[16]

(c) Discuss whether IGW Ltd should increase its product range to include wooden gates.

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Total marks [27]

REQUIRED

- 4 (a)* For Coalbrook Engineering, calculate, using appropriate bases, the overhead absorption rate for **each** of the two production departments.

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(b) For Coalbrook Engineering, calculate the production cost of job 1912 (where appropriate to two decimal places), using the following information:

	<i>Machining</i>	<i>Finishing</i>	
Direct materials (£)	320	70	
Direct labour (£)	130	50	
Machine hours	10	4	
Labour hours	5	8	

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(c) Explain why a business might recover less in overheads than the amount spent on overheads during a period.

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(d) Activity based costing is sometimes used as an alternative to traditional methods of overhead absorption. Explain **two** limitations of activity based costing.

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Total marks [33]

PLEASE DO NOT WRITE ON THIS PAGE



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