OCR
RECOGNISING ACHIEVEMENT

ADVANCED GCE

BUSINESS STUDIES

Accounting

F294

Candidates answer on the question paper.

OCR supplied materials:
- Resource booklet

Other materials required:
- Graph paper may be needed
- A calculator may be used

Monday 24 January 2011
Afternoon

Duration: 2 hours

Candidate forename		Candidate surname	

Centre number						Candidate number				

INSTRUCTIONS TO CANDIDATES

- Write your name, centre number and candidate number in the boxes above. Please write clearly and in capital letters.
- Use black ink. Pencil may be used for graphs and diagrams only.
- The information required to answer questions 1–6 is contained within the resource booklet.
- Read each question carefully. Make sure you know what you have to do before starting your answer.
- 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).
- Answer **all** the questions.
- Do **not** write in the bar codes.

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 **60**.
- The quality of your written communication will be taken into account when marking your answer to the question labelled with an asterisk (*).
- This document consists of **16** pages. Any blank pages are indicated.

A calculator may be used for this paper

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Answer **all** questions.

1 Using Appendix 1, calculate the first year's depreciation charge for ITSL's new production equipment using the following methods:

(a) declining (reducing) balance method.

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Answer: ..... **[2]**

(b) straight line method.

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Answer: ..... **[2]**

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2 Analyse **one** advantage to ITSL of using the straight line depreciation method for the new production equipment.

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3 Harry continues to be frustrated by the level of details which the auditors require.
Analyse **two** ways in which accounting conventions might apply to ITSL.

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4 Refer to Table 3. Using variance analysis, evaluate how ITSL could improve the costing problem with carrot and coriander soup highlighted by Sheryl Blake.

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5 Discuss reasons why all of ITSL's departments should be involved in setting financial budgets.

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6* Considering accounting **and other issues**, should ITSL accept the contract with JR Stores? Justify your view.

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