



# **Thursday 14 June 2018 – Afternoon**

# **A2 GCE ACCOUNTING**

F014/01 Management Accounting

Candidates answer on the Question Paper.

## OCR supplied materials:

Resource Booklet (F014/01/RB)

### Other materials required:

A calculator may be used

**Duration:** 2 hours



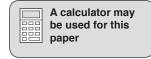
Candidate forename					Candidate surname				
Centre number						Candidate nu	ımber		

# **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. HB pencil may be used for graphs and diagrams only.
- The information required to answer Questions 1–4 is contained within the Resource Booklet.
- Answer all the questions.
- Read each question carefully. Make sure you know what you have to do before starting your answer.
- You must show the calculations leading to your answers.
- Write your answer to each question in the space provided. If additional space is required, you should use the lined page(s) at the end of this booklet. The question number(s) must be clearly shown.
- Do not write in the barcodes.

### **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 your written communication will be taken into account in marking your answers to the two sub-questions marked with an asterisk (\*).
- 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 28 pages. Any blank pages are indicated.



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(i)	Calculate the payback (to two decimal places) for <b>each</b> product. Assume even cash flow throughout each year.
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(ii)	Calculate the net present value for <b>each</b> product. Assume all cash flows take place a end of each year.	at the <b>[12]</b>

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c)*	Evaluate <b>each</b> of the capital appraisal methods stated in part <b>(b)</b> .	[10]

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(d)	Explain the reasons for how the original market research should be treated in the capappraisal process.	oital
		[3]

(a) Calculate the closing stock value for each of the three years under the FIFO basis of valuing

issues, if the company used:
<ul> <li>the marginal costing approach to valuing stock</li> <li>the absorption costing approach to valuing stock.</li> </ul>
[6]

valuing issues of stock, if the company used:

(b)\* A statement showing the gross profit for each of the three years under the FIFO basis of

the marginal costing approach to valuing stock the absorption costing approach to valuing stock. [15] 

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d)	Discuss why companies are required to use absorption costing and not marginal costing when preparing published accounts.
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3 F	REQU	IRED
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Using the data for the year commencing 1 May 2018, calculate:							
(i)	the break-even in units and sales value						

	•		'	in your calcula	,	
		 				•••••
•••••						
		 •••••				
		 				[3]

(iii) the margin of safety in units and as a percentage
[3]

(iv) the sales in units required to maintain the profit level of the year ended 30 April 2018
[6]

		les ratio			

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- (a) Calculate overhead absorption rates by **each** of the following methods:
  - percentage of direct materials
  - percentage of direct labour
  - percentage of prime cost
  - per unit
  - labour hour rate

•	machine	hour rate.
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(b)	Using the appropriate overhead absorption rates calculated in <b>(a)</b> , calculate the selling price of job 1912, using <b>each</b> of the following methods:				
	•	percentage of direct materials machine hour rate.			
		[A]			

(c)	Evaluate the suitability of <b>each</b> of the <b>two</b> methods in part <b>(b)</b> for absorbing overhead costs.
	[8]

(d)	Distinguish between <b>allocation</b> and <b>apportionment</b> of overheads. Illustrate, with a suitable example in <b>each</b> case.
	[A
	1 <i>1</i>

# 25 ADDITIONAL ANSWER SPACE

If additiona must be cle	al space is required, you should use the follo early shown in the margin(s).	wing lined page(s).	The question number(s)



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