



GCE

Accounting

Advanced GCE **F014**

Management Accounting

Mark Scheme for June 2010

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Facsimile: 01223 552610
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Question Number	Expected Answer	Mark	Rationale																				
1 (a) (i)	MPV $(7 - 7.20)22,300 = 4,460$ A (2)	[2]	2 for correct value with A/F																				
(ii)	MUV $[(7 \times 3,200) - 22,300]7 = 700$ F (2)	[2]	1 for correct value with no A/F or incorrect A/F All other responses 0.																				
(iii)	LRV $(9 - 9.50)9,400 = 4,700$ A (2)	[2]																					
(iv)	LEV $[(3 \times 3,200) - 9,400]9 = 1,800$ F (2)	[2]																					
(v)	TVO $(2 \times 4 \times 3,200) - 25,000 = 600$ F (2)	[2]																					
(vi)	TFO $(2 \times 3 \times 3,200) - 18,800 = 400$ F (2)	[2]																					
(vii)	SPV $(125 - 120)3,100 = 15,500$ F (2)	[2]																					
(viii)	SVV $(3,100 - 3,000)120 = 12,000$ F (2) Alt based on margin 3,000F (2)	[2]																					
1 (b)	<u>Reconciliation Statement for budgeted (standard) cost and actual cost</u> Standard cost 288,000 (2) <table style="margin-left: 100px;"> <tr> <td style="text-align: right;"><u>Adverse</u></td> <td style="text-align: left;"><u>Favourable</u></td> </tr> <tr> <td style="text-align: right;">MPV</td> <td style="text-align: left;">4,460</td> </tr> <tr> <td style="text-align: right;">MUV</td> <td style="text-align: left;">700</td> </tr> <tr> <td style="text-align: right;">LRV</td> <td style="text-align: left;">4,700</td> </tr> <tr> <td style="text-align: right;">LEV</td> <td style="text-align: left;">1,800</td> </tr> <tr> <td style="text-align: right;">TVO</td> <td style="text-align: left;">600</td> </tr> <tr> <td style="text-align: right;">TFO</td> <td style="text-align: left;">400</td> </tr> <tr> <td style="text-align: right;"><u>9,160</u> (1)</td> <td style="text-align: left;"><u>3,500</u> (1)</td> </tr> <tr> <td style="text-align: right;"><u>Actual cost</u></td> <td style="text-align: left;"><u>5,660</u> (2)</td> </tr> <tr> <td style="text-align: right;"><u>293,660</u> (2)</td> <td></td> </tr> </table>	<u>Adverse</u>	<u>Favourable</u>	MPV	4,460	MUV	700	LRV	4,700	LEV	1,800	TVO	600	TFO	400	<u>9,160</u> (1)	<u>3,500</u> (1)	<u>Actual cost</u>	<u>5,660</u> (2)	<u>293,660</u> (2)		[6]	Standard cost 2 or 0 Actual cost 2 or 0 if net 5,660 (2) allow correct list (2)
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1 (c)	Expensive to install (1) and time consuming to keep up to date(1). Need to review (1) when general market price movements occur (1). Type(1) of standard to be used, ideal or attainable(1). (2 x 2 marks) (1 for point plus 1 for development)		
		Total marks [4]	[26]

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2 (b) *	<p>Positive cash balance at start and end of July (1). August shows overdrawn position(1) and this is caused by the proposed dividend payment of £62,000(1)</p> <p>Company could consider reducing or rescheduling dividend(1), although reaction of shareholders(1) would need consideration.</p> <p>Contact bank to seek overdraft facility(1), supported by a return to positive cash balance(1) in September. Would only pay interest (1) if actually used (1).</p> <p>Rephase receipts/payments(1). If sales paid earlier, could increase discount allowed(1). Purchase payments already spread over three months(1). Rates could be spread monthly(1).</p> <p>Take out a short term loan(1), although interest will need to be paid(1), whether full loan is used or not(1).</p> <p>The company could review its fixed assets(1) and if any are surplus to requirements(1), then a fixed asset sale would bring in additional cash(1).</p> <p>(3 x 3 marks) (1 for point plus up to 2 for development)</p>	(9) QWC (2)	Reward each relevant point. Allow of comments for cash budget.
	Total marks	[11]	QWC spelling punctuation and grammar well set out and flows.

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Garden seats 15,000 x 16	240,000														
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Profit	<u>137,500</u> (1)														
3 (c)	<p>Current situation makes profit(1), adding new product will increase profit by £27,500(1). New product gives greater diversification(1), although unable to meet estimated demand(1), which could lead to adverse publicity(1). New product will increase labour required (1) and give greater job security(1). Also gives opportunity for overtime(1). All figures are estimated(1) and may not materialise(1). Profit projections may be inaccurate(1). Engaging extra staff and incurring additional fixed costs increases the risk (1) of potential loss(1). (3 x 2 marks) (1 for point plus 1 for development)</p>	[6]													
	Total marks	[27]													

Question Number	Expected Answer								Mark	Rationale
4 (a)*										
	<u>Cost</u> Ind wages	<u>Basis</u> Employ	<u>Total</u> 1,480,500	<u>Mach</u> 740,250 (1)	<u>Fin</u> 444,150	<u>Canteen</u> 74,025	<u>Maint</u> 148,050	<u>Stores</u> 74,025		Marks for values. If correct at end can give (18) plus QWC.
	Rep/ maint	Mach hrs	241,400	229,330 (1)	9,656	-	2,414	-		Reapp (1) for correct order.
	Rent /rates	Floor area	48,000	24,000 (1)	12,000	4,800	2,400	4,800		Allow: 1,285,350 (1) and 590,400 (1) even if not used further.
	Ins prem	Floor area	23,400	11,700 (1)	5,850	2,340	1,170	2,340		If hours omitted but correct answer allow.
	Ins mach	Mach cost	18,600	11,160 (1)	5,580	-	1,860	-		
	Dep mach	Mach cost	12,000	7,200 (1)	3,600	-	1,200	-		
	Heat/ light	Floor area	31,600	15,800 (1)	7,900	3,160	1,580	3,160		
	Sundries	Allocated	20,250	6,110 (1)	3,564	<u>3,675</u> 88,000	1,746	5,155		
	Reapp (1)	Canteen		44,000 (1)	35,200	<u>(88,000)</u>	5,280	<u>3,520</u> 93,000		
		Stores		55,800 (1)	27,900		<u>9,300</u> 175,000	<u>(93,000)</u>		
		Maint	<u>1,875,750</u>	<u>140,000 (1)</u> <u>1,285,350</u>	<u>35,000</u> 590,400		<u>(175,000)</u>			
				<u>1,285,350 (1)</u> 209,000 (1)	<u>590,400</u> 180,000	(1)				
				£6.15 Per DMH (1)	£3.28 per DLH (1)			QWC (3)	[21]	QWC: columns, alignment and rules plus general layout.

Question Number	Expected Answer	Mark	Rationale
4 (b)	<u>Cost job 1912</u> Direct materials 390 Direct labour 180 Prime cost 570 (1) Overhead mach 6.15 x 10 61.50 (1) Overhead fin 3.28 x 8 <u>26.24</u> (1) $\begin{array}{r} 87.74 \\ \hline 657.74 \end{array} \quad (1)$	[4]	Allow (1) if all materials and labour shown.
4 (c)	Worked less hours than planned. Actual expenditure is more than absorbed (planned). Absorbed overhead is less than actual. Estimated and may not materialise. (2 x 2 marks) (1 for point plus 1 for development)	[4]	
4 (d)	Amount of work to set up (1) could outweigh benefits (1). Little benefit (1) to single product organisations. Companies that have adopted ABC (1) frequently maintain two costing systems (1). Many prefer traditional methods (1). (2 x 2 marks) (1 for point plus 1 for development)	[4]	
	Total marks	[33]	

Assessment Objectives grid (includes QWC)

Question	AO1	AO2	AO3	Total
1(a)	9	6	1	16
1(b)		6		6
1(c)			4	4
2(a)	7	10	6	23
2(b)*			11	11
3(a)	5			5
3(b)	4	12		16
3(c)			6	6
4(a)*	5	16		21
4(b)		4		4
4(c)			4	4
4(d)			4	4
Total	30	54	36	120

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