

Tuesday 29 January 2013 – Afternoon

A2 GCE ACCOUNTING

F014/01 Management Accounting

Candidates answer on the Question Paper.

OCR supplied materials:

- Resource Booklet

Other materials required:

- A calculator may be used

Duration: 2 hours



Candidate forename		Candidate surname	
-----------------------	--	----------------------	--

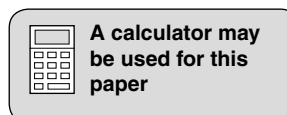
Centre number						Candidate number				
---------------	--	--	--	--	--	------------------	--	--	--	--

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. 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. Additional paper may be used if necessary but you must clearly show your candidate number, centre number and question number(s).
- 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 **120**.
- Your Quality of Written Communication will be taken into account when marking your answers to the two questions/sub-questions labelled 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 **24** pages. Any blank pages are indicated.



1 REQUIRED

(a) Based on the original budget calculate the:

(i) profit for Ribbon Ltd for the year ending 31 December 2013

(ii) break-even in units **and** sales value for Product A.

Please show your workings to question **1(a)** below.

Working Box

- (i) Profit for Ribbon Ltd for the year ending 31 December 2013.

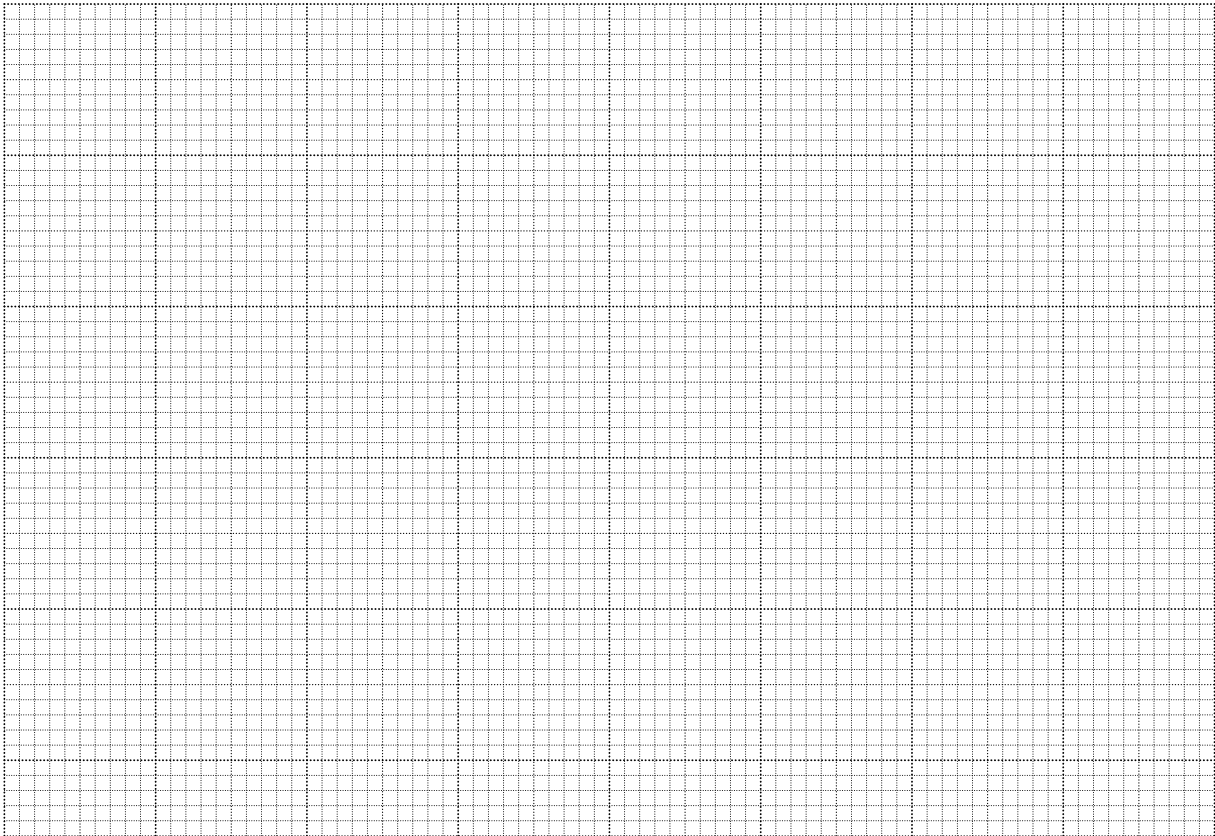
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
..... [4]

- (ii) Break-even in units **and** sales value for Product A.

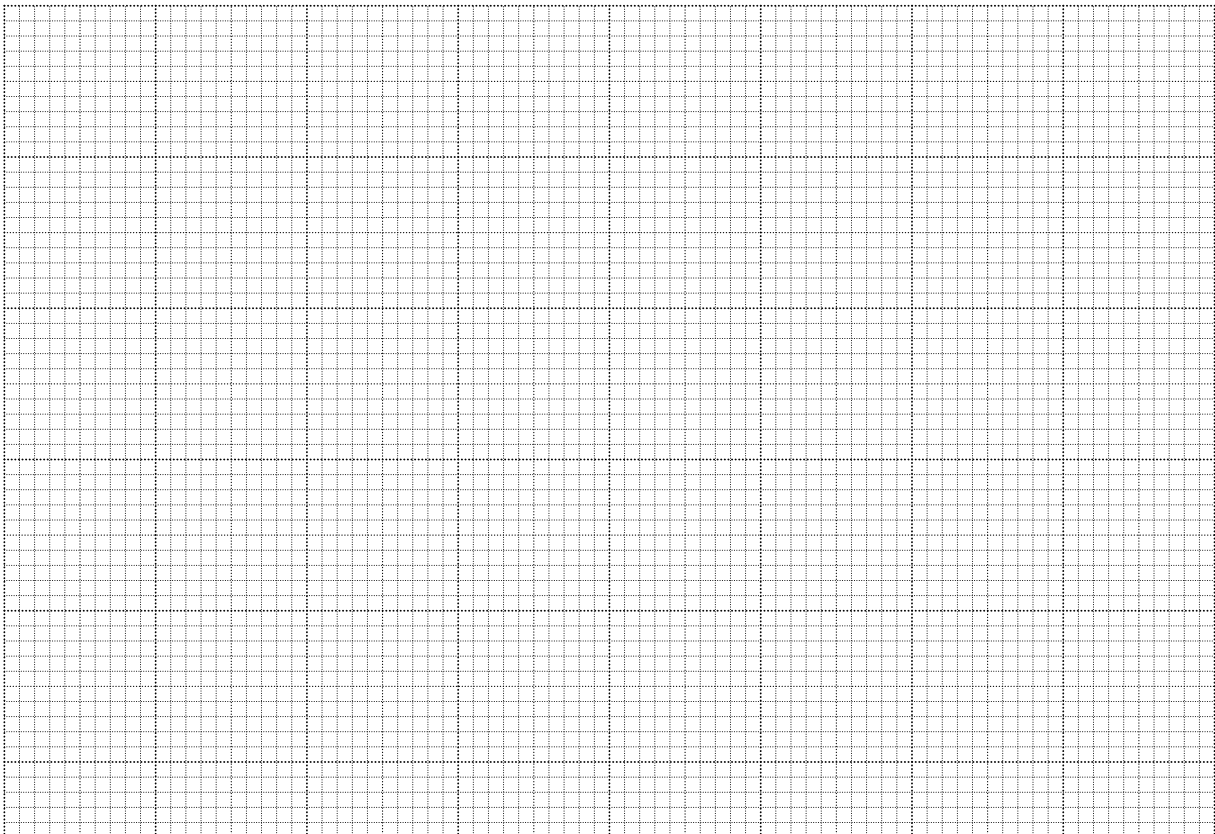
.....
.....
.....
.....
.....
.....
.....
..... [2]

(b) Prepare a contribution to sales graph for Product B.

[3]



The additional graph space below is **only** to be used if you make a mistake on the graph above.



5

- (c) Since preparing the budget, Ribbon Ltd has been advised by its supplier that, due to a material shortage, it will only receive 85% of its material requirement for the year ending 31 December 2013.

Calculate the maximum profit Ribbon Ltd can now make for the year ending 31 December 2013.

Please show your workings to question 1(c) below.

[10]

Working Box

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

A series of horizontal dotted lines for writing, consisting of 25 lines spaced evenly down the page.

(d) (i) Explain the term 'margin of safety'.

.....
.....
.....
..... [2]

(ii) Assess the usefulness of the margin of safety to a company.

.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
..... [6]

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

2 REQUIRED

(a)* A statement showing the gross profit for **each** of the two years under the FIFO basis of valuing issues, if the company used the:

- marginal costing approach to valuing stock
- absorption costing approach to valuing stock.

Please show your workings to question **2(a)** below.

[17]

Working Box

(b) Advise Grange Manufacturing on which method of valuing stock (marginal costing or absorption costing) should be used in its published accounts. Give reasons for your advice.

.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
..... [6]

3 REQUIRED

(a) For each product:

- (i)** the net cash flow for year 2
- (ii)** payback (to two decimal places). Assume even cash flows throughout each year
- (iii)** net present value. Assume all cash flows take place at the end of each year.

Please show your workings to question **3(a)** below.

Working Box

(i) The net cash flow for year 2.

.....
.....
.....
.....
.....
.....
.....
.....
..... [4]

(ii) Payback (to two decimal places). Assume even cash flows throughout each year.

.....
.....
.....
.....
.....
.....
.....
.....
..... [4]

4 REQUIRED

- (a) The overhead absorption rate for each of the production departments, using the machine hour rate for the machining department and the labour hour rate for the assembly department.

Please show your workings to question **4(a)** below.

[20]

Working Box

A series of horizontal dotted lines for writing.

A series of horizontal dotted lines for writing, consisting of 25 lines spaced evenly down the page.

21

(b) Using the actual figures provided, calculate the amount of overhead which would be over or under absorbed by each production department.

Please show your workings to question 4(b) below.

Working Box

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

[6]

Turn over

BLANK PAGE

PLEASE DO NOT WRITE ON THIS PAGE

PLEASE DO NOT WRITE ON THIS PAGE



Copyright Information

OCR is committed to seeking permission to reproduce all third-party content that it uses in its assessment materials. OCR has attempted to identify and contact all copyright holders whose work is used in this paper. To avoid the issue of disclosure of answer-related information to candidates, all copyright acknowledgements are reproduced in the OCR Copyright Acknowledgements Booklet. This is produced for each series of examinations and is freely available to download from our public website (www.ocr.org.uk) after the live examination series.

If OCR has unwittingly failed to correctly acknowledge or clear any third-party content in this assessment material, OCR will be happy to correct its mistake at the earliest possible opportunity.

For queries or further information please contact the Copyright Team, First Floor, 9 Hills Road, Cambridge CB2 1GE.

OCR is part of the Cambridge Assessment Group; Cambridge Assessment is the brand name of University of Cambridge Local Examinations Syndicate (UCLES), which is itself a department of the University of Cambridge.