



ADVANCED GCE
ACCOUNTING
Management Accounting

F014

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 1 February 2010
Morning

Duration: 2 hours



Candidate Forename		Candidate Surname	
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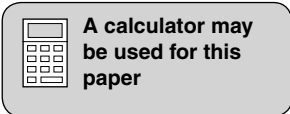
Centre Number						Candidate Number				
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INSTRUCTIONS TO CANDIDATES

- 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, however additional paper may be used if necessary.

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.



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(b) Explain why Bont Construction's customer has negotiated the 15% retention.

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(c) The new factory which Bont Construction is building is located in a socially deprived area. Discuss **two** benefits to the local economy of this decision.

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Total marks [34]

REQUIRED

2 (a) Calculate the closing stock valuation, for Lewis Lloyd, as at 31 December 2007, 2008 and 2009, using the following methods of stock valuation (periodic basis).

(i) FIFO
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(ii) LIFO
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(b) Using the budgeted data, calculate overhead recovery rates for **each** of the CMW Ltd departments (1, 2 and 3) using the following methods:

(i) percentage of direct labour cost;
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..... [3]

(ii) direct labour hour rate.
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(c) Apply **each** of the methods calculated in part (b) to calculate new selling prices for CMW Ltd job 310308.

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REQUIRED

4 (a) Calculate for **each** Grovesend plc product (where appropriate calculations must be to one decimal place):

(i) payback;

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(ii) net present value;

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(iii) accounting rate of return (defined by the company as average net profit to initial capital cost).

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- (c) Explain how Grovesend plc's market research costs in 2006 and 2008 should be treated in the capital expenditure appraisal.

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..... [3]

Total marks [39]

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