

Surname						Other Names					
Centre Number						Candidate Number					
Candidate Signature											



General Certificate of Education
 June 2005
 Advanced Subsidiary Examination



ACCOUNTING **ACC4**
Unit 4 Introduction to Accounting for Management and Decision-making

Wednesday 8 June 2005 Afternoon Session

No additional materials are required.
 You may use a calculator.

Time allowed: 1 hour

Instructions

- Use blue or black ink or ball-point pen.
- Fill in the boxes at the top of this page.
- Answer **all** questions in the spaces provided.
- All workings must be shown and clearly labelled; otherwise marks for method may be lost.
- Make and state any necessary assumptions.
- Do all rough work in this book. Cross through any work you do not want marked.

Information

- The maximum mark for this paper is 80. This includes up to 4 marks for the Quality of Written Communication.
- Mark allocations are shown in brackets.
- You will be assessed on your ability to use an appropriate form and style of writing, to organise relevant information clearly and coherently, and to use specialist vocabulary, where appropriate. The degree of legibility of your handwriting and the level of accuracy of your spelling, punctuation and grammar will also be taken into account.

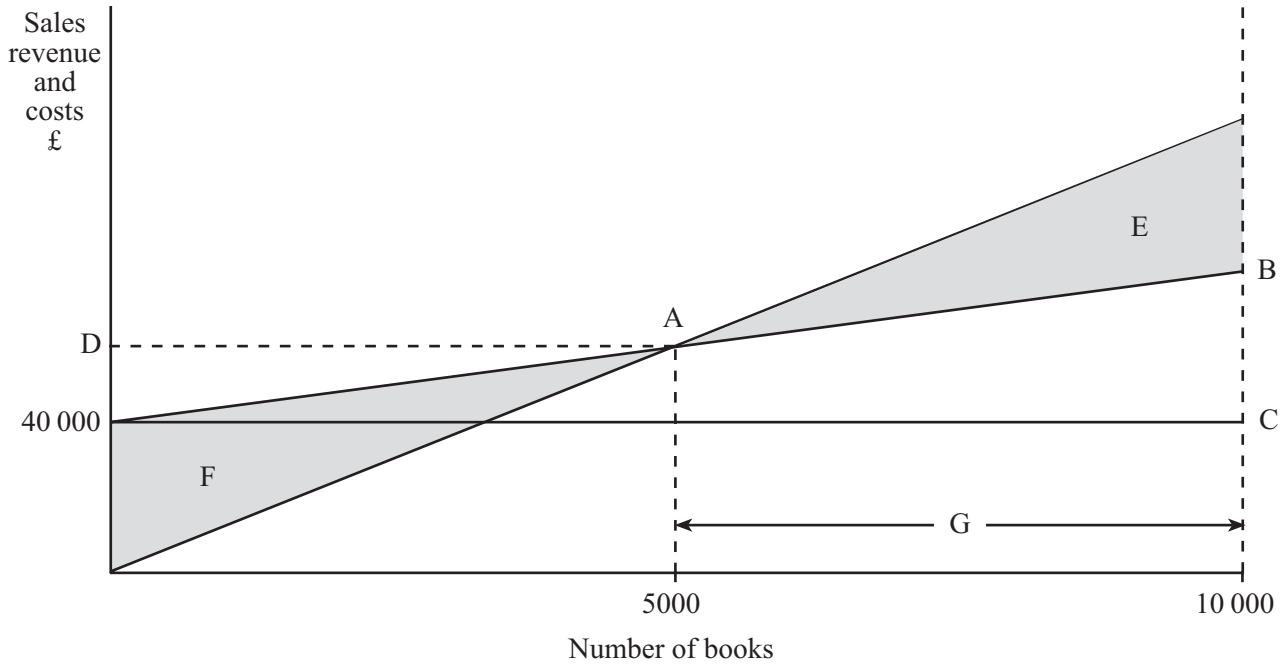
For Examiner's Use			
Number	Mark	Number	Mark
1			
2			
3			
4			
Total (Column 1)	→		
Total (Column 2)	→		
Quality of Written Communication			
TOTAL			
Examiner's Initials			

Answer **all** questions in the spaces provided.

1

Total for this question: 17 marks

The following break-even graph relates to Bungay Books Ltd, for the year ending 31 December 2004.



Additional information

The selling price is £15 per book.

REQUIRED

(a) Identify each of the following shown in the graph.

A

B

C

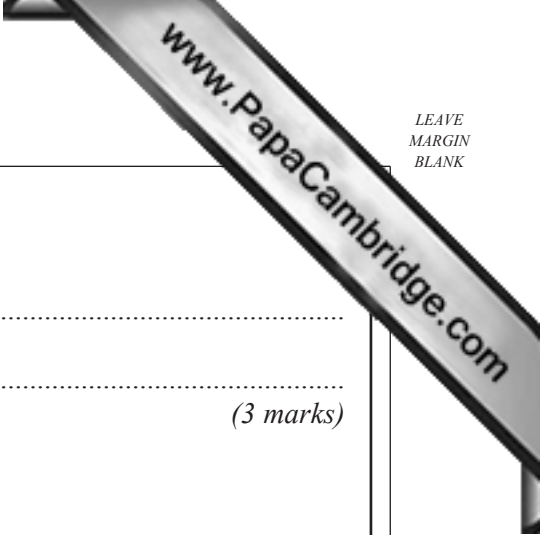
D

Area E

Area F

G

(7 marks)



(b) (i) Calculate the value indicated at point D on the graph.

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.....
(3 marks)

(ii) Calculate the marginal cost **per unit**.

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.....
.....
.....
(5 marks)

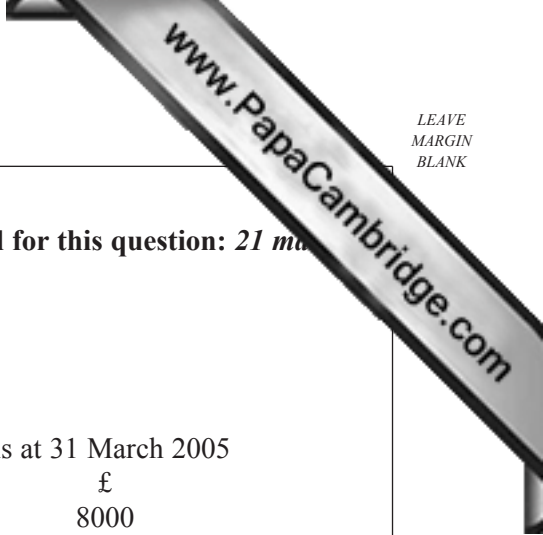
(iii) Calculate the contribution **per unit**.

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.....
.....
.....
(2 marks)

17

TURN OVER FOR THE NEXT QUESTION

Turn over ►



2

Total for this question: 21 marks

Mobley-Mad Ltd sells mobile phones.

The following information is available for the last two years.

	As at 31 March 2004	As at 31 March 2005
	£	£
Stock	14 000	8000
	For year ended 31 March 2004	For year ended 31 March 2005
	£	£
Purchases	120 000	140 000
Sales	260 000	310 000

REQUIRED

(a) Calculate the rate of stock turnover for the year ended 31 March 2005. State the formula used.

Formula

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Stock turnover

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Workings

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.....

.....

(5 marks)

(b) Calculate the gross profit for the year ended 31 March 2005.

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.....

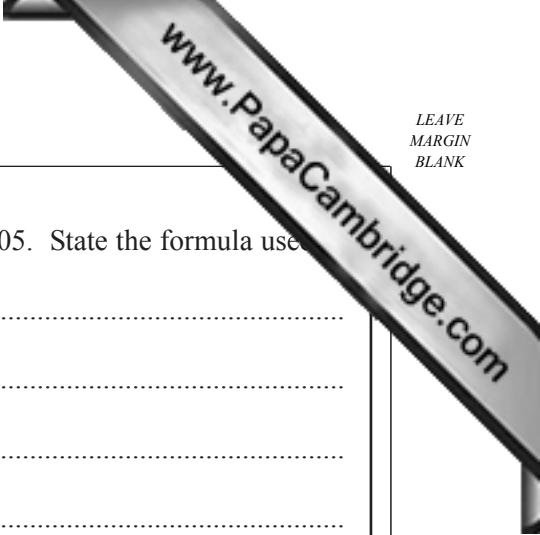
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(3 marks)



(c) Calculate the gross profit margin for the year ended 31 March 2005. State the formula used.

Formula

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Gross profit margin

Workings

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(4 marks)

(d) Explain **three** limitations of using ratio analysis when assessing the performance of Mobley-Mad Ltd.

Limitation 1

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Limitation 2

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Limitation 3

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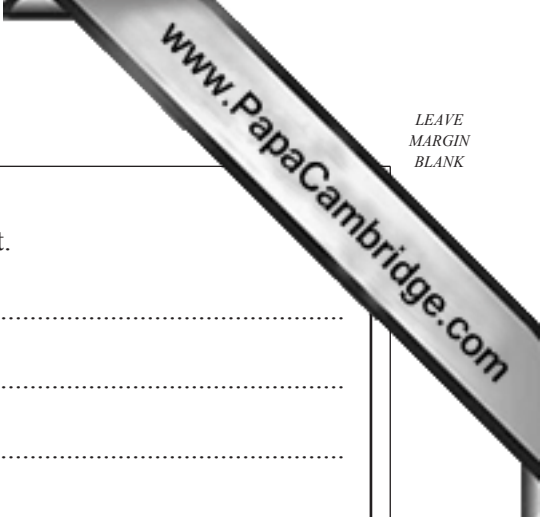
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(9 marks)

21

Turn over ►



(b) Explain **two** benefits to Carolanne of drawing up this cash budget.

Benefit 1

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Benefit 2

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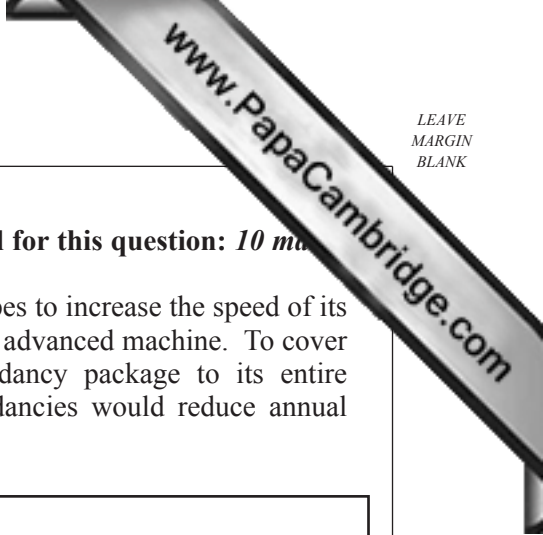
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(6 marks)

28

TURN OVER FOR THE NEXT QUESTION

Turn over ▶



4

Total for this question: 10 marks

Kenrick Manufacturing Ltd is located in a rural area. The company hopes to increase the speed of its production process by the introduction of an expensive, technologically advanced machine. To cover the cost of this machine, the company proposes to offer a redundancy package to its entire manufacturing staff over the age of 50 years. The proposed redundancies would reduce annual manufacturing wages by 30%.

REQUIRED

Write a report to the managing director of Kenrick Ltd explaining **three** other factors which need to be considered before any redundancies are made.

To:

From:

Date:

Subject:

(Report headings: 1 mark)

Factor 1

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(3 marks)

Factor 2

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(3 marks)

Factor 3

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.....
.....
.....

(3 marks)

10

END OF QUESTIONS