

A-level

ACCOUNTING

ACCN4 Further Aspects of Management Accounting
Report on the Examination

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General Comments

The examination covered most of the specification areas and overall performance was good, despite a number of students penalising themselves through poor and disorganised presentation. There were some very thorough prose responses, showing that students had been well prepared for this aspect of the examination but, as in the past, students had difficulty with budget preparation.

Task 1

- 01** This question required students to calculate the marginal cost of a product and the selling price based on that marginal cost. Most students were able to gain good marks, with over half gaining all for available marks. The most common error was a failure to correctly label the marginal cost as specifically requested in the question.
- 02** Students were required to calculate the number of items to be produced to achieve a given target profit. The majority of students recognised that this was a calculation based on breakeven analysis requiring the addition of the target profit onto the fixed costs. As a result, over 80% of students gained either three or four of the available marks.
- 03** This task was very poorly attempted by the majority of students. The mean mark was just over two out of a possible seven marks. Continuing from the first two parts of the task, students were required to calculate the required mark-up on the absorption cost in order to achieve the target profit. Many students appeared to not understand the requirements of the task which involved calculation of the total absorption cost in order to calculate the target profit as a percentage of that figure.
- 04** This task required students to explain two disadvantages of using absorption costing as opposed to marginal costing. As a question suitable to a generic textbook answer, responses were generally very disappointing. Whilst the well prepared students were able to offer two well-developed explanations, most answers were disappointingly vague, referring in very general terms to inaccuracy and estimation, without providing sufficient development to gain more than one or two marks.

Task 2

- 05** Required to produce a trade payables budget, it was clear that a number of students did not understand the correct layout of a budget. A number of students simply produced workings with no attempt to answer the question, i.e. to prepare a trade payables budget. Several weaker students included cash purchases and cash payments in the budget when the required budget is a management tool to forecast credit transactions. Overall, this was a very disappointing response to a core area of the specification.

Task 3

- 06** This task required students to prepare a manufacturing account from given data and was generally very well done by the majority of students. Almost half of the students gained full marks on the task. The main error was a failure to correctly label both prime cost and the cost of production.
- 07** Calculation of the material sub-variances was very mixed. Well prepared students were able to gain full marks, whereas some weaker students struggled to gain any marks on the task.
- 08** The first major prose task on the paper required students to assess the financial results of the business. Many students produced an excellent assessment, often sufficient to gain full marks. Weaker students tended to concentrate too heavily on one area of the results, for example the material variances and as such restricted the amount of marks awarded.

Task 4

- 09** Examination of the investment appraisal section of the syllabus was generally well tackled by students. This task concentrated on calculation of the payback period, requiring the calculation of net cash flows. Many students correctly calculated the net cash flows, but were then unable to use that data to correctly calculate the payback period. The most common mistake, costing students at least one mark was a failure to state the payback period in years and days as required by the question.
- 10** Following on from the calculation of the payback period, students were required to calculate the net present value of the investment and overall, responses were very good. The most common error was again a failure to correctly label the final figure as 'net present value'.
- 11** The final question required students to advise whether or not investment should take place. Students were to consider both financial and non-financial factors of investing in machinery or purchasing stock from an overseas supplier. The scenario provided prompts to many issues to explore and most students gained good marks. Weaker students tended to concentrate too heavily on the non-financial factors such as delivery time, quality and ethical considerations rather than giving a more rounded response. As is often the case, some students quoted points from the case study but provided little comment or development of those points and therefore failed to gain reward. Stating that delivery would take three weeks is repeating facts from the scenario. In order to gain marks, students must then state the possible effects that this would have on the business, e.g. potential loss of customers and therefore revenue. Stronger students produced some excellent responses covering all aspects of the decision making process and were awarded full marks.

Summary

Whilst much of the work submitted by students was to a high standard, it is important that centres stress the importance of presentation. Some of the computational work was presented in a much disorganised fashion and this only makes the students' task more difficult. In prose responses, centres must stress that whilst lifting data from the case study is perfectly acceptable, it must be developed in order to be rewarded.

Mark Ranges and Award of Grades

Grade boundaries and cumulative percentage grades are available on the [Results Statistics](#) page of the AQA Website.

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