

Paper Reference WAC12/01
Pearson Edexcel
International
Advanced Level

Total Marks

Accounting
International Advanced Level
Paper 2: Corporate and Management
Accounting

Monday 4 November 2019 – Morning

Time: 3 hours plus your additional time allowance.

In the boxes below, write your name, centre number and candidate number.

Surname					
Other names					
Centre Number					
Candidate Number					

YOU MUST HAVE

Source Book

Data Book

INSTRUCTIONS

**Answer BOTH questions in Section A and
THREE questions from Section B**

All calculations must be shown.

**Answer the questions in the spaces provided in this
Question Paper or in the Data Book – there may be more
space than you need.**

Do NOT return the Source Book with the Question Paper.

INFORMATION

The total mark for this paper is 200

**The marks for EACH question are shown in brackets
– use this as a guide as to how much time to spend on
each question.**

Calculators may be used.

**The source material for use with Questions 1 to 6 is in
the Source Book.**

Turn over

ADVICE

Read each question carefully before you start to answer it.

Check your answers if you have time at the end.

SECTION A

Answer BOTH questions in this section.

Source material for Question 1 is on pages 3 to 9 of the Source Book.

1. (a) Prepare for Cypriat plc, in accordance with International Accounting Standard (IAS) 1 (Revised), for the year ended 30 September 2019, a Statement of Profit or Loss and Other Comprehensive Income.

(43 marks)

Answer lines continue on the next eight pages.

1. (a) continued.

[illegible]

Turn over

1. (a) continued.

[illegible]

Turn over

1. (a) continued.

[illegible]

Turn over

1. (a) continued.

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Turn over

1. (a) continued.

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Turn over

1. (a) continued.

[illegible]

Turn over

1. (a) continued.

[illegible]

Turn over

1. (a) continued.

(continued on the next page)

1. continued.

(b) Evaluate the use of information and communication technology (ICT) in accounting.

(12 marks)

Answer lines continue on the next four pages.

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1. (b) continued.

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Turn over

1. (b) continued.

[illegible]

Turn over

1. (b) continued.

[illegible]

Turn over

1. (b) continued.

(Total for Question 1 = 55 marks)

Source material for Question 2 is on pages 10 to 13 of the Source Book.

- 2. (a) Calculate the break–even point for Option 1
Town Centre site for ONE year, measured in:**

(i) sales units

(12 marks)

**Answer lines continue on the next
two pages.**

2. (a) (i) continued.

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Turn over

2. (a) (i) continued.

(continued on the next page)

2. (a) continued.
(ii) sales revenue.
(2 marks)

(continued on the next page)

2. continued.

(b) Calculate for Option 1 Town Centre site for ONE year the:

**(i) margin of safety in sales units
(3 marks)**

(continued on the next page)

2. (b) continued.

(ii) margin of safety as a percentage of sales.
(3 marks)

(continued on the next page)

2. continued.

(c) Calculate the profit for Option 1 Town Centre site for ONE year.

(4 marks)

Answer lines continue on the next page.

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Turn over

2. (c) continued.

(continued on the next page)

2. continued.

(d) Explain TWO ADVANTAGES of break–even analysis.

(4 marks)

1 _____

2 _____

(continued on the next page)

2. continued.

(e) Explain TWO DISADVANTAGES of break–even analysis.

(4 marks)

1 _____

2 _____

(continued on the next page)

Turn over

2. continued.

(f) Refer to the blank grid for Question 2(f) in the Data Book.

Complete a break-even graph for Option 2 Countryside site for ONE year, for an output of 0 to 180 000 units.

(8 marks)

Answer lines continue on the next two pages.

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Turn over

2. (f) continued.

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2. (f) continued.

(continued on the next page)

2. continued.

(g) Explain what useful information the angle of incidence would give to the management of the company.

(3 marks)

(continued on the next page)

Turn over

2. continued.

(h) Evaluate the TWO possible options for the site of the new factory, considering financial and non-financial factors.

(12 marks)

Answer lines continue on the next four pages.

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2. (h) continued.

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Turn over

2. (h) continued.

[illegible]

Turn over

2. (h) continued.

[illegible]

Turn over

2. (h) continued.

(Total for Question 2 = 55 marks)

TOTAL FOR SECTION A = 110 MARKS

SECTION B

Answer THREE questions from this section.

Indicate which question you are answering by marking a cross in the box. If you change your mind, put a line through the box and then indicate your new question with a cross.

If you answer Question 3 put a cross in this box

Source material for Question 3 is on pages 14 to 17 of the Source Book.

3. (a) Prepare for management, a profit and loss statement for the Ashton factory, for the year ended **30 September 2019**, using **marginal costing**. Your statement must show both the total contribution and the total profit.

(14 marks)

Answer lines continue on the next three pages.

3. (a) continued.

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Turn over

3. (a) continued.

[illegible]

Turn over

3. (a) continued.

[illegible]

(continued on the next page)

Turn over

3. continued.

Merillion plc has received an offer from an overseas supplier who is willing to supply the exhaust units for **£15** per unit.

(b) Explain **TWO non-financial** factors that Merillion plc may have to consider before deciding whether to accept the offer from the overseas supplier.
(4 marks)

1 _____

2 _____

(continued on the next page)

Turn over

3. continued.

(c) Evaluate, considering only financial factors, whether Merillion plc should accept the offer from the overseas supplier to supply at £15 per unit.

(6 marks)

Answer lines continue on the next two pages.

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3. (c) continued.

[illegible]

Turn over

3. (c) continued.

(continued on the next page)

3. continued.

(d) Prepare the profit and loss statement for the Berton factory, for the year ended 30 September 2019, using marginal costing.

(6 marks)

Answer lines continue on the next two pages.

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3. (d) continued.

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3. (d) continued.

(Total for Question 3 = 30 marks)

If you answer Question 4 put a cross in this box

☐

Source material for Question 4 is on pages 18 to 24 of the Source Book.

- 4. (a) Prepare, for the year ended 30 September 2019, the following sections from the Statement of Cash Flows, in accordance with International Accounting Standard (IAS) 7**

- (i) Cash flows from Investing activities**
(7 marks)

Answer lines continue on the next page.

[illegible]

4. (a) (i) continued.

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Turn over

4. (a) continued.

**(ii) Cash flows from Financing activities
(10 marks)**

Answer lines continue on the next two pages.

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Turn over

4. (a) (ii) continued.

[illegible]

Turn over

4. (a) (ii) continued.

(continued on the next page)

4. (a) continued.

(iii) The reconciliation of cash and cash equivalents at the start of the financial year with cash and cash equivalents at the end of the financial year.

(3 marks)

Answer lines continue on the next page.

4. (a) (iii) continued.

(continued on the next page)

4. continued.

The Chief Financial Accountant wishes to ensure that your figures agree with her figures.

(b) Calculate, using your answers from (a), the net cash flow from Operating activities, for the financial year ended 30 September 2019 (4 marks)

Answer lines continue on the next page.

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Turn over

4. (b) continued.

(continued on the next page)

4. continued.

(c) Evaluate the performance of Jamalpur Logistics plc concerning liquidity, for the financial year ended 30 September 2019 (6 marks)

Answer lines continue on the next two pages.

[illegible]

Turn over

4. (c) continued.

[illegible]

Turn over

4. (c) continued.

(Total for Question 4 = 30 marks)

If you answer Question 5 put a cross in this box

☐

Source material for Question 5 is on pages 25 to 27 of the Source Book.

5. (a) Calculate, for an output of 1 880 units, the TOTAL budgeted:
- (i) quantity of raw materials, in square metres
(2 marks)

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Turn over

5. (a) continued.

**(ii) cost of the raw materials
(2 marks)**

[illegible]

(continued on the next page)

Turn over

5. (a) continued.

**(iii) number of direct labour hours
(2 marks)**

[illegible]

(continued on the next page)

Turn over

5. (a) continued.

(iv) cost of direct labour.

(2 marks)

Answer lines continue on the next page.

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Turn over

5. (a) (iv) continued.

(continued on the next page)

5. continued.

(b) Calculate, for the month of October, the TOTAL:

**(i) material usage variance
(4 marks)**

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Turn over

5. (b) continued.

(ii) material price variance.

(6 marks)

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5. (b) (ii) continued.

(c) Refer to the table for Question 5(c) in the Data Book.

Complete the reconciliation statement for the **total actual** cost of production of **1 880** units, to the **total budgeted** cost of production of **1 880** units.

(6 marks)

(continued on the next page)

5. continued.

(d) Evaluate the performance of the production department of Jaffna Doors Ltd for October. (6 marks)

Answer lines continue on the next two pages.

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Turn over

5. (d) continued.

[illegible]

Turn over

5. (d) continued.

(Total for Question 5 = 30 marks)

If you answer Question 6 put a cross in this box

☐

Source material for Question 6 is on pages 28 to 30 of the Source Book.

6. (a) Calculate the following for the year ended 30 September 2019

**(i) Dividend per share
(3 marks)**

[illegible]

(continued on the next page)

Turn over

6. (a) continued.

**(ii) Dividend yield
(3 marks)**

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6. (a) continued.

(iii) Dividend cover

(4 marks)

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6. (a) (iii) continued.

(continued on the next page)

6. (a) continued.

(iv) Earnings per share

(3 marks)

Answer lines continue on the next page.

[illegible]

Turn over

6. (a) (iv) continued.

(continued on the next page)

6. (a) continued.

(v) Price earnings ratio

(3 marks)

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6. (a) (v) continued.

(continued on the next page)

6. (a) continued.

(vi) Return on capital employed.

(8 marks)

Answer lines continue on the next page.

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6. (a) (vi) continued.

(continued on the next page)

6. continued.

At the Board Meeting, the Chief Executive said,
'The dividend yield is an important ratio and helps
judge the success of the company'.

(b) Evaluate the importance of the dividend yield
ratio in judging the success of Emirates
Techtronics plc.

(6 marks)

Answer lines continues on the next two pages.

6. (b) continued.

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6. (b) continued.

(Total for Question 6 = 30 marks)

TOTAL FOR SECTION B = 90 MARKS

TOTAL FOR PAPER = 200 MARKS

END OF PAPER
