*Valid from 1 September 2025 to 31 August 2026*

# ACCA

## Management Accounting (MA)

*Exam Kit*

International Skill Development Corporation
Skills for Tomorrow

KAPLAN PUBLISHING

# ACCA

# Applied Knowledge

Diploma in Accounting and Business

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## Management Accounting (MA-FMA)

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## EXAM KIT

KAPLAN PUBLISHING

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# CONTENTS

Features in this edition

In addition to providing a wide ranging bank of practice questions, we have also included in this edition:

- Details of the examination format.
- Examples of 'objective test' and 'multi-task' questions that will form part of the examination format.
- Exam-specific information and advice on exam technique.
- Our recommended approach to make your revision for this particular subject as effective as possible.

This includes step-by-step guidance on how best to use our Kaplan material (Study Text, Pocket Notes and Exam Kit) at this stage in your studies.

You will find a wealth of other resources to help you with your studies on the following sites:

www.MyKaplan.co.uk and www.**acca**global.com/students/

Quality and accuracy are of the utmost importance to us so if you spot an error in any of our products, please send an email to mykaplanreporting@kaplan.com with full details.

Our Quality Co-ordinator will work with our technical team to verify the error and take action to ensure it is corrected in future editions.

# INDEX TO QUESTIONS AND ANSWERS

## SYLLABUS AREA E – STANDARD COSTING



## SYLLABUS AREA F – PERFORMANCE MEASUREMENT



## SECTION B-TYPE QUESTIONS

# EXAM TECHNIQUE

- **Do not skip any of the material** in the syllabus.
- **Read each question** *very* carefully.
- **Double-check your answer** before committing yourself to it.
- Answer **every** question – if you do not know an answer, you don't lose anything by guessing. Think carefully before you **guess**. The examiner has indicated that many candidates are still leaving blank answers in the real exam.
- If you are answering a multiple-choice question, **eliminate first those answers that you know are wrong**. Then choose the most appropriate answer from those that are left.
- Remember that **only one answer to a multiple-choice question can be right**. After you have eliminated the ones that you know to be wrong, if you are still unsure, guess. Only guess after you have double-checked that you have only eliminated answers that are *definitely* wrong.

## Computer-based exams – tips

- Do not attempt a CBE until you have **completed all study material** relating to it.
- On the ACCA website there is a CBE demonstration. It is **ESSENTIAL** that you attempt this before your real CBE. You will become familiar with how to move around the CBE screens and the way that questions are formatted, increasing your confidence and speed in the actual exam.
- Be sure you understand how to use the **software** before you start the exam. If in doubt, ask the assessment centre staff to explain it to you.
- Questions are **displayed on the screen** and answers are entered using keyboard and mouse. At the end of the exam, you are given a certificate showing the result you have achieved.
- The CBE question types are as follows:
  - Multiple choice – where you are required to choose one answer from a list of options provided by clicking on the appropriate 'radio button'
  - Multiple response – where you are required to select more than one response from the options provided by clicking on the appropriate tick boxes (typically choose two options from the available list
  - Multiple response matching – where you are required to indicate a response to a number of related statements by clicking on the 'radio button' which corresponds to the appropriate response for each statement
  - Number entry – where you are required to key in a response to a question shown on the screen.
- The computer based examination will not require you to input text, although you may be required to choose the correct text from options available.
- You need to be sure you **know how to answer questions** of this type before you sit the exam, through practice.

# EXAM SPECIFIC INFORMATION

## THE EXAM

## FORMAT OF COMPUTER BASED EXAM

| | *Number of marks* |
|---|---|
| 35 objective test questions (2 marks each) | 70 |
| 3 multi-task questions (10 marks each) | 30 |

Total time allowed: 2 hours

- Questions will usually comprise the following answer types:
  - (i) Multiple choice with four options. Identify one correct answer from the four options.
  - (ii) Multiple response questions. A multiple response question is basically a multiple choice question but more than one answer option is selected. For example, the question can ask 'Which two of the following statements are true?' Candidates will be expected to select the two answer options from, say four possible answers options.
  - (iii) Number entry. Candidates will need to calculate an answer and input the value into the answer box
  - (iv) Section B of the exam can include the above question types but also answers may be in the form of drop-down lists. Candidates will need to click on the list to choose the correct answer.
- The multi-task questions will examine Budgeting, Standard costing and Performance measurement sections of the syllabus.

  Note: Budgeting MTQs in Section B can also include tasks from B2 Analytical techniques in budgeting and forecasting. B4 Spreadsheets could be included in any of the MTQs, as either the basis for presenting information in the question or as a task within the MTQ.
- The examinations contain 100% compulsory questions and students must study across the breadth of the syllabus to prepare effectively for the examination
- The examination will be assessed by a two hour computer-based examination. You should refer to the ACCA web site for information regarding the availability of the computer-based examination.

**PASS MARK**

The pass mark for all ACCA Qualification examination papers is 50%.

## DETAILED SYLLABUS, STUDY GUIDE AND CBE SPECIMEN EXAM

The detailed syllabus and study guide written by the ACCA, along with the specimen exam, can be found at:

accaglobal.com/management-accounting

# KAPLAN'S RECOMMENDED REVISION APPROACH

## QUESTION PRACTICE IS THE KEY TO SUCCESS

Success in professional examinations relies upon you acquiring a firm grasp of the required knowledge at the tuition phase. In order to be able to do the questions, knowledge is essential.

However, the difference between success and failure often hinges on your exam technique on the day and making the most of the revision phase of your studies.

The **Kaplan study text** is the starting point, designed to provide the underpinning knowledge to tackle all questions. However, in the revision phase, pouring over text books is not the answer.

**Kaplan Online progress tests** help you consolidate your knowledge and understanding and are a useful tool to check whether you can remember key topic areas.

**Kaplan pocket notes** are designed to help you quickly revise a topic area, however you then need to practice questions. There is a need to progress to full exam standard questions as soon as possible, and to tie your exam technique and technical knowledge together.

**The importance of question practice cannot be over-emphasised.**

The recommended approach below is designed by expert tutors in the field, in conjunction with their knowledge of the examiner.

The approach taken for the Applied Knowledge exams is to revise by topic area.

**You need to practise as many questions as possible in the time you have left.**

## OUR AIM

Our aim is to get you to the stage where you can attempt exam standard questions confidently, to time, in a closed book environment, with no supplementary help (i.e. to simulate the real examination experience).

Practising your exam technique on real past examination questions, in timed conditions, is also vitally important for you to assess your progress and identify areas of weakness that may need more attention in the final run up to the examination.

The approach below shows you which questions you should use to build up to coping with exam standard question practice, and references to the sources of information available should you need to revisit a topic area in more detail.

Remember that in the real examination, all you have to do is:

- attempt all questions required by the exam
- only spend the allotted time on each question, and
- get them at least 50% right!

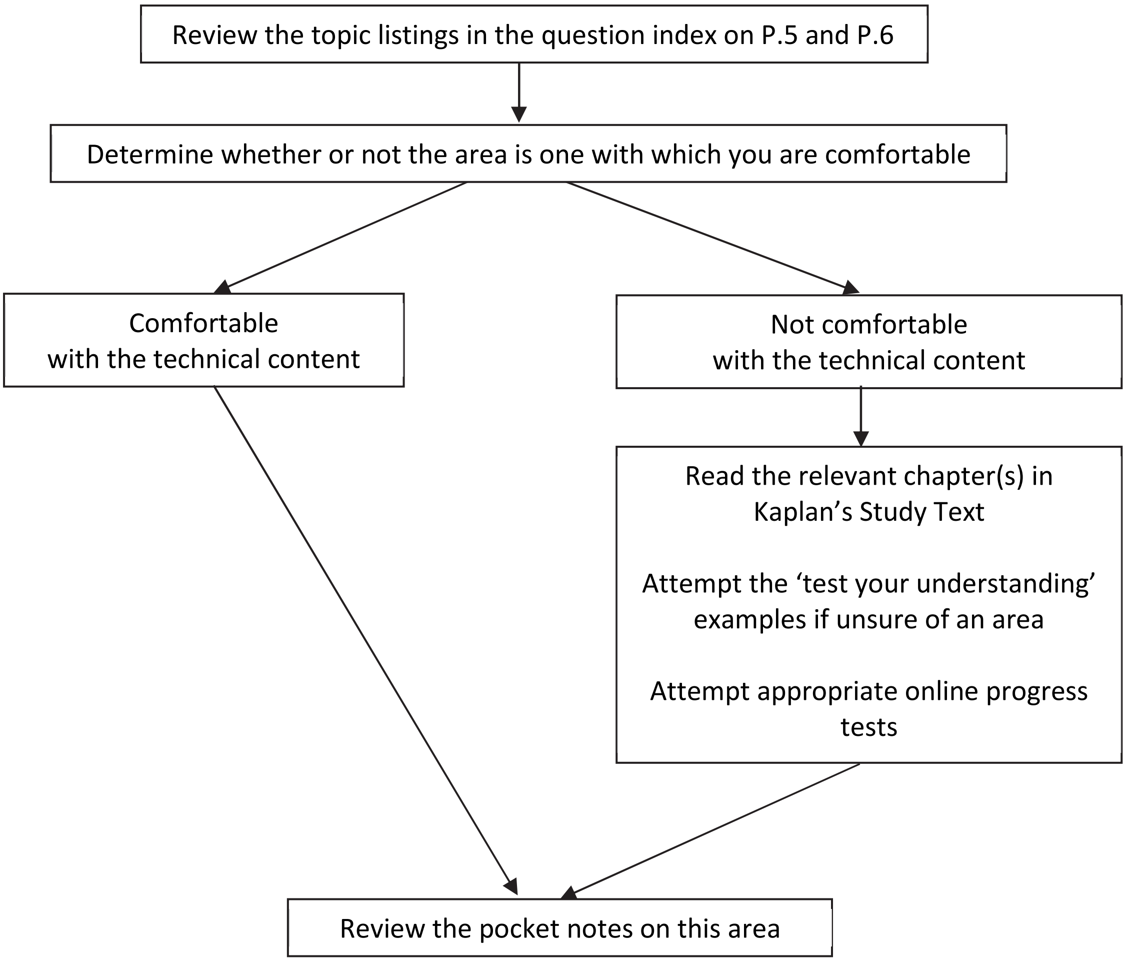
Try and practise this approach on every question you attempt from now to the real exam.

## ACCA SUPPORT

For additional support with your studies please also refer to the ACCA Global website.

# THE KAPLAN MANAGEMENT ACCOUNTING REVISION PLAN

## Stage 1: Assess areas of strengths and weaknesses




## Stage 2: Practice questions

Ensure that you revise all syllabus areas as questions could be asked on anything.

Try to avoid referring to text books and notes and the model answer until you have completed your attempt.

Try to answer the question in the allotted time.

Review your attempt with the model answer. If you got the answer wrong, can you see why? Was the problem a lack of knowledge or a failure to understand the question fully?

Fill in the self-assessment box below and decide on your best course of action.

Comfortable with question attempt

Only revisit when comfortable with questions on all topic areas

Not comfortable with question attempts

Focus on these areas by:

- Reworking test your understanding examples in Kaplan's Study Text
- Revisiting the technical content from Kaplan's pocket notes
- Working any remaining questions on that area in the exam kit

## Stage 3: Final pre-exam revision

We recommend that you **attempt at least one two hour mock examination** containing a set of previously unseen exam standard questions.

It is important that you get a feel for the breadth of coverage of a real exam without advanced knowledge of the topic areas covered – just as you will expect to see on the real exam day.

Ideally this mock should be sat in timed, closed book, real exam conditions and could be:

- a mock examination offered by your tuition provider, and/or
- the specimen examination in the back of this exam kit

# FORMULAE AND TABLES

### Regression analysis

$$y = a + bx$$

$$a = \frac{\sum y}{n} - \frac{b\sum x}{n}$$

$$b = \frac{n\sum xy - \sum x \sum y}{n\sum x^2 - (\sum x)^2}$$

$$r = \frac{n\sum xy - \sum x \sum y}{\sqrt{(n\sum x^2 - (\sum x)^2)(n\sum y^2 - (\sum y)^2)}}$$

### Economic order quantity

$$= \sqrt{\frac{2C_0D}{C_h}}$$

### Economic batch quantity

$$= \sqrt{\frac{2C_0D}{C_h\left(1 - \frac{D}{R}\right)}}$$

### Arithmetic mean

$$\bar{x} = \frac{\Sigma x}{n} \qquad \bar{x} = \frac{\Sigma fx}{\Sigma f} \quad \text{(frequency distribution)}$$

### Standard deviation

$$\sigma = \sqrt{\frac{\Sigma(x - \bar{x})^2}{n}} \qquad \sigma = \sqrt{\frac{\Sigma fx^2}{\Sigma f} - \left(\frac{\Sigma fx}{\Sigma f}\right)^2} \quad \text{(frequency distribution)}$$

### Variance

$$= \sigma^2$$

### Co-efficient of variation

$$CV = \frac{\sigma}{\bar{x}}$$

### Expected value

$$EV = \sum px$$

## PRESENT VALUE TABLE

Present value of 1, i.e. $(1 + r)^{-n}$

Where $r$ = interest rate

$n$ = number of periods until payment.

| Periods (n) | Discount rate (r) 1% | 2% | 3% | 4% | 5% | 6% | 7% | 8% | 9% | 10% |
|---|---|---|---|---|---|---|---|---|---|---|
| 1 | 0.990 | 0.980 | 0.971 | 0.962 | 0.952 | 0.943 | 0.935 | 0.926 | 0.917 | 0.909 |
| 2 | 0.980 | 0.961 | 0.943 | 0.925 | 0.907 | 0.890 | 0.873 | 0.857 | 0.842 | 0.826 |
| 3 | 0.971 | 0.942 | 0.915 | 0.889 | 0.864 | 0.840 | 0.816 | 0.794 | 0.772 | 0.751 |
| 4 | 0.961 | 0.924 | 0.888 | 0.855 | 0.823 | 0.792 | 0.763 | 0.735 | 0.708 | 0.683 |
| 5 | 0.951 | 0.906 | 0.863 | 0.822 | 0.784 | 0.747 | 0.713 | 0.681 | 0.650 | 0.621 |
| 6 | 0.942 | 0.888 | 0.837 | 0.790 | 0.746 | 0.705 | 0.666 | 0.630 | 0.596 | 0.564 |
| 7 | 0.933 | 0.871 | 0.813 | 0.760 | 0.711 | 0.665 | 0.623 | 0.583 | 0.547 | 0.513 |
| 8 | 0.923 | 0.853 | 0.789 | 0.731 | 0.677 | 0.627 | 0.582 | 0.540 | 0.502 | 0.467 |
| 9 | 0.914 | 0.837 | 0.766 | 0.703 | 0.645 | 0.592 | 0.544 | 0.500 | 0.460 | 0.424 |
| 10 | 0.905 | 0.820 | 0.744 | 0.676 | 0.614 | 0.558 | 0.508 | 0.463 | 0.422 | 0.386 |
| 11 | 0.896 | 0.804 | 0.722 | 0.650 | 0.585 | 0.527 | 0.475 | 0.429 | 0.388 | 0.350 |
| 12 | 0.887 | 0.788 | 0.701 | 0.625 | 0.557 | 0.497 | 0.444 | 0.397 | 0.356 | 0.319 |
| 13 | 0.879 | 0.773 | 0.681 | 0.601 | 0.530 | 0.469 | 0.415 | 0.368 | 0.326 | 0.290 |
| 14 | 0.870 | 0.758 | 0.661 | 0.577 | 0.505 | 0.442 | 0.388 | 0.340 | 0.299 | 0.263 |
| 15 | 0.861 | 0.743 | 0.642 | 0.555 | 0.481 | 0.417 | 0.362 | 0.315 | 0.275 | 0.239 |

| (n) | 11% | 12% | 13% | 14% | 15% | 16% | 17% | 18% | 19% | 20% |
|---|---|---|---|---|---|---|---|---|---|---|
| 1 | 0.901 | 0.893 | 0.885 | 0.877 | 0.870 | 0.862 | 0.855 | 0.847 | 0.840 | 0.833 |
| 2 | 0.812 | 0.797 | 0.783 | 0.769 | 0.756 | 0.743 | 0.731 | 0.718 | 0.706 | 0.694 |
| 3 | 0.731 | 0.712 | 0.693 | 0.675 | 0.658 | 0.641 | 0.624 | 0.609 | 0.593 | 0.579 |
| 4 | 0.659 | 0.636 | 0.613 | 0.592 | 0.572 | 0.552 | 0.534 | 0.516 | 0.499 | 0.482 |
| 5 | 0.593 | 0.567 | 0.543 | 0.519 | 0.497 | 0.476 | 0.456 | 0.437 | 0.419 | 0.402 |
| 6 | 0.535 | 0.507 | 0.480 | 0.456 | 0.432 | 0.410 | 0.390 | 0.370 | 0.352 | 0.335 |
| 7 | 0.482 | 0.452 | 0.425 | 0.400 | 0.376 | 0.354 | 0.333 | 0.314 | 0.296 | 0.279 |
| 8 | 0.434 | 0.404 | 0.376 | 0.351 | 0.327 | 0.305 | 0.285 | 0.266 | 0.249 | 0.233 |
| 9 | 0.391 | 0.361 | 0.333 | 0.308 | 0.284 | 0.263 | 0.243 | 0.225 | 0.209 | 0.194 |
| 10 | 0.352 | 0.322 | 0.295 | 0.270 | 0.247 | 0.227 | 0.208 | 0.191 | 0.176 | 0.162 |
| 11 | 0.317 | 0.287 | 0.261 | 0.237 | 0.215 | 0.195 | 0.178 | 0.162 | 0.148 | 0.135 |
| 12 | 0.286 | 0.257 | 0.231 | 0.208 | 0.187 | 0.168 | 0.152 | 0.137 | 0.124 | 0.112 |
| 13 | 0.258 | 0.229 | 0.204 | 0.182 | 0.163 | 0.145 | 0.130 | 0.116 | 0.104 | 0.093 |
| 14 | 0.232 | 0.205 | 0.181 | 0.160 | 0.141 | 0.125 | 0.111 | 0.099 | 0.088 | 0.078 |
| 15 | 0.209 | 0.183 | 0.160 | 0.140 | 0.123 | 0.108 | 0.095 | 0.084 | 0.079 | 0.065 |

## ANNUITY TABLE

Present value of an annuity of 1 i.e. $\frac{1-(1+r)^{-n}}{r}$

Where $r$ = interest rate

$n$ = number of periods.

| Periods (n) | Discount rate (r) 1% | 2% | 3% | 4% | 5% | 6% | 7% | 8% | 9% | 10% |
|---|---|---|---|---|---|---|---|---|---|---|
| 1 | 0.990 | 0.980 | 0.971 | 0.962 | 0.952 | 0.943 | 0.935 | 0.926 | 0.917 | 0.909 |
| 2 | 1.970 | 1.942 | 1.913 | 1.886 | 1.859 | 1.833 | 1.808 | 1.783 | 1.759 | 1.736 |
| 3 | 2.941 | 2.884 | 2.829 | 2.775 | 2.723 | 2.673 | 2.624 | 2.577 | 2.531 | 2.487 |
| 4 | 3.902 | 3.808 | 3.717 | 3.630 | 3.546 | 3.465 | 3.387 | 3.312 | 3.240 | 3.170 |
| 5 | 4.853 | 4.713 | 4.580 | 4.452 | 4.329 | 4.212 | 4.100 | 3.993 | 3.890 | 3.791 |
| 6 | 5.795 | 5.601 | 5.417 | 5.242 | 5.076 | 4.917 | 4.767 | 4.623 | 4.486 | 4.355 |
| 7 | 6.728 | 6.472 | 6.230 | 6.002 | 5.786 | 5.582 | 5.389 | 5.206 | 5.033 | 4.868 |
| 8 | 7.652 | 7.325 | 7.020 | 6.733 | 6.463 | 6.210 | 5.971 | 5.747 | 5.535 | 5.335 |
| 9 | 8.566 | 8.162 | 7.786 | 7.435 | 7.108 | 6.802 | 6.515 | 6.247 | 5.995 | 5.759 |
| 10 | 9.471 | 8.983 | 8.530 | 8.111 | 7.722 | 7.360 | 7.024 | 6.710 | 6.418 | 6.145 |
| 11 | 10.368 | 9.787 | 9.253 | 8.760 | 8.306 | 7.887 | 7.499 | 7.139 | 6.805 | 6.495 |
| 12 | 11.255 | 10.575 | 9.954 | 9.385 | 8.863 | 8.384 | 7.943 | 7.536 | 7.161 | 6.814 |
| 13 | 12.134 | 11.348 | 10.635 | 9.986 | 9.394 | 8.853 | 8.358 | 7.904 | 7.487 | 7.103 |
| 14 | 13.004 | 12.106 | 11.296 | 10.563 | 9.899 | 9.295 | 8.745 | 8.244 | 7.786 | 7.367 |
| 15 | 13.865 | 12.849 | 11.938 | 11.118 | 10.380 | 9.712 | 9.108 | 8.559 | 8.061 | 7.606 |

| (n) | 11% | 12% | 13% | 14% | 15% | 16% | 17% | 18% | 19% | 20% |
|---|---|---|---|---|---|---|---|---|---|---|
| 1 | 0.901 | 0.893 | 0.885 | 0.877 | 0.870 | 0.862 | 0.855 | 0.847 | 0.840 | 0.833 |
| 2 | 1.713 | 1.690 | 1.668 | 1.647 | 1.626 | 1.605 | 1.585 | 1.566 | 1.547 | 1.528 |
| 3 | 2.444 | 2.402 | 2.361 | 2.322 | 2.283 | 2.246 | 2.210 | 2.174 | 2.140 | 2.106 |
| 4 | 3.102 | 3.037 | 2.974 | 2.914 | 2.855 | 2.798 | 2.743 | 2.690 | 2.639 | 2.589 |
| 5 | 3.696 | 3.605 | 3.517 | 3.433 | 3.352 | 3.274 | 3.199 | 3.127 | 3.058 | 2.991 |
| 6 | 4.231 | 4.111 | 3.998 | 3.889 | 3.784 | 3.685 | 3.589 | 3.498 | 3.410 | 3.326 |
| 7 | 4.712 | 4.564 | 4.423 | 4.288 | 4.160 | 4.039 | 3.922 | 3.812 | 3.706 | 3.605 |
| 8 | 5.146 | 4.968 | 4.799 | 4.639 | 4.487 | 4.344 | 4.207 | 4.078 | 3.954 | 3.837 |
| 9 | 5.537 | 5.328 | 5.132 | 4.946 | 4.772 | 4.607 | 4.451 | 4.303 | 4.163 | 4.031 |
| 10 | 5.889 | 5.650 | 5.426 | 5.216 | 5.019 | 4.833 | 4.659 | 4.494 | 4.339 | 4.192 |
| 11 | 6.207 | 5.938 | 5.687 | 5.453 | 5.234 | 5.029 | 4.836 | 4.656 | 4.486 | 4.327 |
| 12 | 6.492 | 6.194 | 5.918 | 5.660 | 5.421 | 5.197 | 4.988 | 7.793 | 4.611 | 4.439 |
| 13 | 6.750 | 6.424 | 6.122 | 5.842 | 5.583 | 5.342 | 5.118 | 4.910 | 4.715 | 4.533 |
| 14 | 6.982 | 6.628 | 6.302 | 6.002 | 5.724 | 5.468 | 5.229 | 5.008 | 4.802 | 4.611 |
| 15 | 7.191 | 6.811 | 6.462 | 6.142 | 5.847 | 5.575 | 5.324 | 5.092 | 4.876 | 4.675 |

To find the area under the normal curve between the mean and a point Z standard deviation above the mean, use the table below. The corresponding area for a point Z standard deviation below the mean can be found through using symmetry.

$$z = \frac{x - \mu}{\sigma}$$

## STANDARD NORMAL DISTRIBUTION TABLE

| | 0.00 | 0.01 | 0.02 | 0.03 | 0.04 | 0.05 | 0.06 | 0.07 | 0.08 | 0.09 |
|---|---|---|---|---|---|---|---|---|---|---|
| 0.0 | 0.0000 | 0.0040 | 0.0080 | 0.0120 | 0.0160 | 0.0199 | 0.0239 | 0.0279 | 0.0319 | 0.0359 |
| 0.1 | 0.0398 | 0.0438 | 0.0478 | 0.0517 | 0.0557 | 0.0596 | 0.0636 | 0.0675 | 0.0714 | 0.0753 |
| 0.2 | 0.0793 | 0.0832 | 0.0871 | 0.0910 | 0.0948 | 0.0987 | 0.1026 | 0.1064 | 0.1103 | 0.1141 |
| 0.3 | 0.1179 | 0.1217 | 0.1255 | 0.1293 | 0.1331 | 0.1368 | 0.1406 | 0.1443 | 0.1480 | 0.1517 |
| 0.4 | 0.1554 | 0.1591 | 0.1628 | 0.1664 | 0.1700 | 0.1736 | 0.1772 | 0.1808 | 0.1844 | 0.1879 |
| 0.5 | 0.1915 | 0.1950 | 0.1985 | 0.2019 | 0.2054 | 0.2088 | 0.2123 | 0.2157 | 0.2190 | 0.2224 |
| 0.6 | 0.2257 | 0.2291 | 0.2324 | 0.2357 | 0.2389 | 0.2422 | 0.2454 | 0.2486 | 0.2517 | 0.2549 |
| 0.7 | 0.2580 | 0.2611 | 0.2642 | 0.2673 | 0.2704 | 0.2734 | 0.2764 | 0.2794 | 0.2823 | 0.2852 |
| 0.8 | 0.2881 | 0.2910 | 0.2939 | 0.2967 | 0.2995 | 0.3023 | 0.3051 | 0.3078 | 0.3106 | 0.3133 |
| 0.9 | 0.3159 | 0.3186 | 0.3212 | 0.3238 | 0.3264 | 0.3289 | 0.3315 | 0.3340 | 0.3365 | 0.3389 |
| 1.0 | 0.3413 | 0.3438 | 0.3461 | 0.3485 | 0.3508 | 0.3531 | 0.3554 | 0.3577 | 0.3599 | 0.3621 |
| 1.1 | 0.3643 | 0.3665 | 0.3686 | 0.3708 | 0.3729 | 0.3749 | 0.3770 | 0.3790 | 0.3810 | 0.3830 |
| 1.2 | 0.3849 | 0.3869 | 0.3888 | 0.3907 | 0.3925 | 0.3944 | 0.3962 | 0.3980 | 0.3997 | 0.4015 |
| 1.3 | 0.4032 | 0.4049 | 0.4066 | 0.4082 | 0.4099 | 0.4115 | 0.4131 | 0.4147 | 0.4162 | 0.4177 |
| 1.4 | 0.4192 | 0.4207 | 0.4222 | 0.4236 | 0.4251 | 0.4265 | 0.4279 | 0.4292 | 0.4306 | 0.4319 |
| 1.5 | 0.4332 | 0.4345 | 0.4357 | 0.4370 | 0.4382 | 0.4394 | 0.4406 | 0.4418 | 0.4429 | 0.4441 |
| 1.6 | 0.4452 | 0.4463 | 0.4474 | 0.4484 | 0.4495 | 0.4505 | 0.4515 | 0.4525 | 0.4535 | 0.4545 |
| 1.7 | 0.4554 | 0.4564 | 0.4573 | 0.4582 | 0.4591 | 0.4599 | 0.4608 | 0.4616 | 0.4625 | 0.4633 |
| 1.8 | 0.4641 | 0.4649 | 0.4656 | 0.4664 | 0.4671 | 0.4678 | 0.4686 | 0.4693 | 0.4699 | 0.4706 |
| 1.9 | 0.4713 | 0.4719 | 0.4726 | 0.4732 | 0.4738 | 0.4744 | 0.4750 | 0.4756 | 0.4761 | 0.4767 |
| 2.0 | 0.4772 | 0.4778 | 0.4783 | 0.4788 | 0.4793 | 0.4798 | 0.4803 | 0.4808 | 0.4812 | 0.4817 |
| 2.1 | 0.4821 | 0.4826 | 0.4830 | 0.4834 | 0.4838 | 0.4842 | 0.4846 | 0.4850 | 0.4854 | 0.4857 |
| 2.2 | 0.4861 | 0.4864 | 0.4868 | 0.4871 | 0.4875 | 0.4878 | 0.4881 | 0.4884 | 0.4887 | 0.4890 |
| 2.3 | 0.4893 | 0.4896 | 0.4898 | 0.4901 | 0.4904 | 0.4906 | 0.4909 | 0.4911 | 0.4913 | 0.4916 |
| 2.4 | 0.4918 | 0.4920 | 0.4922 | 0.4925 | 0.4927 | 0.4929 | 0.4931 | 0.4932 | 0.4934 | 0.4936 |
| 2.5 | 0.4938 | 0.4940 | 0.4941 | 0.4943 | 0.4945 | 0.4946 | 0.4948 | 0.4949 | 0.4951 | 0.4952 |
| 2.6 | 0.4953 | 0.4955 | 0.4956 | 0.4957 | 0.4959 | 0.4960 | 0.4961 | 0.4962 | 0.4963 | 0.4964 |
| 2.7 | 0.4965 | 0.4966 | 0.4967 | 0.4968 | 0.4969 | 0.4970 | 0.4971 | 0.4972 | 0.4973 | 0.4974 |
| 2.8 | 0.4974 | 0.4975 | 0.4976 | 0.4977 | 0.4977 | 0.4978 | 0.4979 | 0.4979 | 0.4980 | 0.4981 |
| 2.9 | 0.4981 | 0.4982 | 0.4982 | 0.4983 | 0.4984 | 0.4984 | 0.4985 | 0.4985 | 0.4986 | 0.4986 |
| 3.0 | 0.4987 | 0.4987 | 0.4987 | 0.4988 | 0.4988 | 0.4989 | 0.4989 | 0.4989 | 0.4990 | 0.4990 |

Section 1

# SECTION A-TYPE QUESTIONS

**Note:** All questions carry two marks

## SYLLABUS AREA A – THE NATURE, SOURCE AND PURPOSE OF MANAGEMENT INFORMATION

## ACCOUNTING FOR MANAGEMENT

**1 Which of the following statements are correct?**

(i) Strategic information is mainly used by senior management in an organisation.

(ii) Productivity measurements are examples of tactical information.

(iii) Operational information is required frequently by its main users.

A (i) and (ii) only

B (i) and (iii) only

C (ii) and (iii) only

D (i), (ii) and (iii)

**2** Reginald is the manager of production department M in a factory which has ten other production departments.

He receives monthly information that compares planned and actual expenditure for department M. After department M, all production goes into other factory departments to be completed prior to being despatched to customers. Decisions involving purchasing asset items in department M are not taken by Reginald.

**Which of the following describes Reginald's role in department M?**

A A cost centre manager

B An investment centre manager

C A revenue centre manager

D A profit centre manager

**3 Which of the following statements is NOT correct?**

A Cost accounting can be used for inventory valuation to meet the requirements of internal reporting only.

B Management accounting provides appropriate information for decision making, planning, control and performance evaluation.

C Routine information can be used for both short-term and long-run decisions.

D Financial accounting information can be used for internal reporting purposes.

**4** The following statements relate to financial accounting or to cost and management accounting:

(i) Financial accounts are historical records.

(ii) Cost accounting is part of financial accounting and establishes costs incurred by an organisation.

(iii) Management accounting is used to aid planning, control and decision making.

**Which of the statements are correct?**

A (i) and (ii) only

B (i) and (iii) only

C (ii) and (iii) only

D (i), (ii) and (iii)

**5 Which of the following statements is correct?**

A Qualitative data is generally non-numerical information

B Information can only be extracted from external sources

C Operational information gives details of long-term plans only

D Quantitative data is always accurate

**6 The manager of a profit centre is responsible for which of the following?**

(i) Revenues of the centre

(ii) Costs of the centre

(iii) Assets employed in the centre

A (i) only

B (ii) only

C (i) and (ii) only

D (i), (ii) and (iii)

**7** **Which of the following would be best described as a short-term tactical plan?**

A Reviewing cost variances and investigate as appropriate

B Comparing actual market share to budget

C Lowering the selling price by 15%

D Monitoring actual sales to budget

**8** **Which of the following relates to management accounts and which to financial accounts?**

| | **Management accounts** | **Financial accounts** |
|---|---|---|
| Prepared yearly | | |
| For internal use | | |
| Contains future information | | |

**9** The following statements refer to strategic planning:

(i) It is concerned with quantifiable and qualitative matters.

(ii) It is mainly undertaken by middle management in an organisation.

(iii) It is concerned predominantly with the long term.

**Which of the statements are correct?**

A (i) and (ii) only

B (i) and (iii) only

C (ii) and (iii) only

D (i), (ii) and (iii)

**10** The following statements relate to responsibility centres:

(i) Return on capital employed is a suitable measure of performance in both profit and investment centres.

(ii) Cost centres are found in manufacturing organisations but not in service organisations.

(iii) The manager of a revenue centre is responsible for both sales and costs in a part of an organisation.

**Which of the statements are incorrect?**

A (i) and (ii)

B (ii) and (iii)

C (i) and (iii)

D All of them

**11 Indicate whether each of the following are ways that the management accountant helps the management of an organisation.**

| | **YES** | **NO** |
|---|---|---|
| Control | | |
| Plan | | |
| Co-ordinate | | |
| Make decisions | | |
| Motivate | | |

**12** A paint manufacturer has a number of departments. Each department is located in a separate building on the same factory site. In the mixing department the basic raw materials are mixed together in very large vessels. These are then moved on to the colour adding department where paints of different colours are created in these vessels. In the next department – the pouring department – the paint is poured from these vessels into litre sized tins. The tins then go on to the labelling department prior to going on to the finished goods department.

The following statements relate to the paint manufacturer:

(i) The mixing department is a cost centre.

(ii) A suitable cost unit for the colour adding department is a litre tin of paint.

(iii) The pouring department is a profit centre.

**Which statement or statements is/are correct?**

A (i) only

B (i) and (ii) only

C (i) and (iii) only

D (ii) and (iii) only

**13** The following statements refer to qualities of good information:

(i) It should be communicated to the right person.

(ii) It should always be completely accurate before it is used.

(iii) It should be understandable by the recipient.

**Which of the above statements are correct?**

A (i) and (ii) only

B (i) and (iii) only

C (ii) and (iii) only

D (i), (ii) and (iii)

**14 Which of the following descriptions only contains essential features of useful management information?**

A Accurate, understandable, presented in report format

B Timely, reliable, supported by calculations

C Regular, complete, communicated in writing

D Understandable, accurate, relevant for its purpose

**15 Which of the following describes 'Information'?**

A data that consists of facts and statistics before they have been processed

B data that consists of numbers, letters, symbols, events and transactions which have been recorded but not yet processed into a form that is suitable for making decisions

C facts that have been summarised but not yet processed into a form that is suitable for making decisions

D data that has been processed in such a way that it has a meaning to the person who receives it, who may then use it to improve the quality of decision making

**16 Which one of the following statements is correct?**

A Data is held on computer in digital form whereas information is in a form that is readable to human beings

B Information is obtained by processing data

C Data and information mean the same thing

D Data consists of numerical or statistical items of information

**17 Which of the following would be classified as data?**

A Number of purchase requisitions

B Analysis of wages into direct and indirect costs

C Table showing variances from budget

D Graph showing the number of labour hours worked

# SOURCES OF DATA

**18 Which of the following describes secondary data?**

A data that does not provide any information

B data collected for another purpose

C data collected specifically for the purpose of the survey being undertaken

D data collected by post or telephone, not by personal interview

**19** **Which of the following are primary sources of data and which are secondary sources of data?**

| | **Primary** | **Secondary** |
|---|---|---|
| Data collected outside a polling station regarding voters choices | | |
| An internet search for the cheapest fuel available in the area | | |
| Government statistics on the levels of unemployment | | |
| Data collected by observation on the number of cars flowing through a junction during peak travel hours | | |

**20** When gathering information you would use both internal sources of information and external sources of information.

**Which of the following are examples of external information?**

(i) Trade references

(ii) Sales representatives' knowledge

(iii) A credit agency report

(iv) Bank references

Options:

A (ii) only

B (ii), (iii) and (iv) only

C All of the above

D (i), (iii) and (iv) only

**21** When gathering information on a potential client you can use both internal sources of information and external sources of information.

**Which TWO of the following would be classified as internally generated information?**

A Supplier references

B Credit reference agency reports

C Sales information

D Ratio calculations

**22** **Which of the following is an example of external information that could be used in a management accounting system?**

A Consumer price index statistics

B Price list for the products sold by the business

C Production volume achieved by the production department

D Discounts given to customers

**23 Which of the following are examples of sensor/machine data?**

(i) location data from a mobile phone

(ii) temperature data from thermometers in a freezer

(iii) information from social media regarding advertising

A (ii) and (iii)

B (i) and (iii)

C (i) and (ii)

D (ii) only

**24 Which one of the following is an example of internal information for the wages department of a large company?**

A A Code of Practice issued by the Institute of Directors

B A new national minimum wage

C Changes to tax coding arrangements issued by the tax authorities

D The company's employees' schedule of hours worked

**25** W plc is wishing survey its staff regarding new working from home practices. W plc intends to use an online questionnaire that all staff are expected to complete to gather information. Completing the questionnaire will take approximately 15 minutes and staff have been told that they must do this during their breaks.

The following costs of producing this information have been identified:

i Paying for a consultant to produce the questionnaire

ii Paying wages for people to email staff with instructions on how to complete the survey

iii Loss of staff morale due to the loss of break time

iv Delays caused in other parts of the business due to staff filling in the survey when they should be working

**Which of these costs would be considered as direct costs of producing the information?**

A i and ii only

B ii only

C iii and iv only

D i, iii, iv only

**26** The following costs relate to management accounting information for Kite Co for April 20X8:

| Cost | $ |
|---|---|
| Employee time spent filling in their timesheets | 600 |
| Use of barcodes and scanners to record inventory | 200 |
| Storage of sales information no longer needed | 400 |
| Time taken by staff to input data into production system | 900 |

**What were the total direct data capture costs for Kite Co for April 20X8?**

A $200

B $800

C $1,700

D $2,100

# PRESENTING INFORMATION

**27** The following table shows that the typical salary of part qualified accountants in five different regions of England.

| **Area** | **Typical salary** |
|---|---|
| | $ |
| South-east | 21,500 |
| Midlands | 20,800 |
| North-east | 18,200 |
| North-west | 17,500 |
| South-west | 16,700 |

**Which diagram would be the best one to draw to highlight the differences between areas?**

A a pie chart

B a multiple bar chart

C a percentage component bar chart

D a simple bar chart

**28** **A line graph is being produced to show the cost of advertising and sales revenue for a business. Which values would be shown on which axis?**

A Both on the y-axis

B Both on the x-axis

C Cost of advertising on the x-axis and sales revenue on the y-axis

D Sales revenue on the x-axis and cost of advertising on the y-axis

**29** A pie chart is being produced to represent the sales from different regional offices of a business:

| | $000 |
|---|---|
| North | 125 |
| North West | 180 |
| East | 241 |
| South | 691 |
| South East | 147 |
| Total | 1,384 |

**What would be the angle of the East divisions section on the pie chart (to the nearest whole degree)?** [ °]

**30** The overhead cost of a business has been allocated and apportioned into the different cost centres. A pie chart has been used to present this information. The assembly department is represented by a section that has an angle of 45°. The total overhead cost is $800,000.

**What is the value of the overhead that has been allocated and apportioned to assembly?**

A $360,000

B $100,000

C $120,000

D $640,000

**31** **XYZ produces three main products. Which would be the most appropriate chart or diagram for showing total revenue analysed into product revenue month by month?**

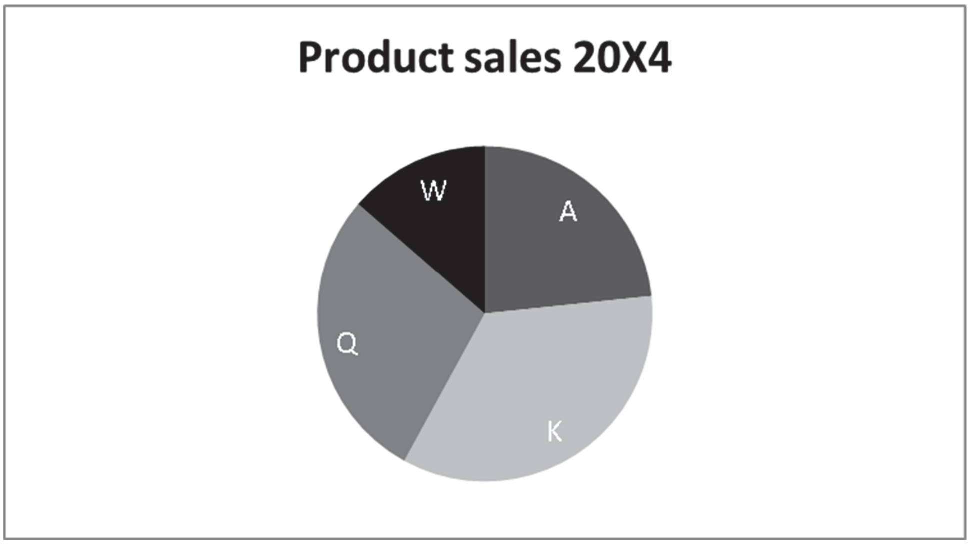
A Scatter graph

B Line graph

C Pie chart

D Component bar chart

**32** The pie chart shows the sales volumes of 4 different products.



**If the products are ranked from largest sales volume to smallest sales volume what would be the correct order for the products?**

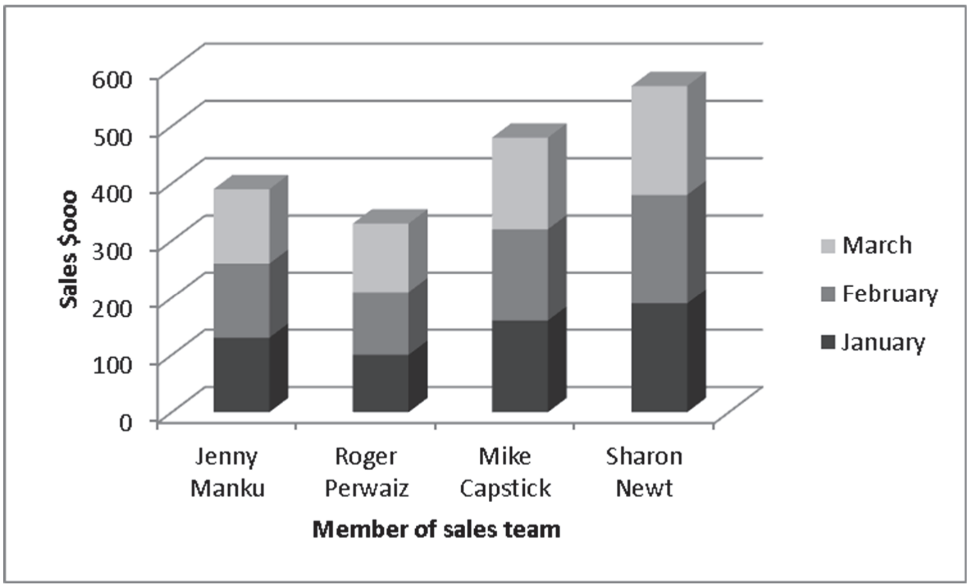
A K, Q, A, W

B Q, K, A, W

C K, A, Q, W

D K, Q, W, A

**33 Which member of the sales team had the highest sales in February?**



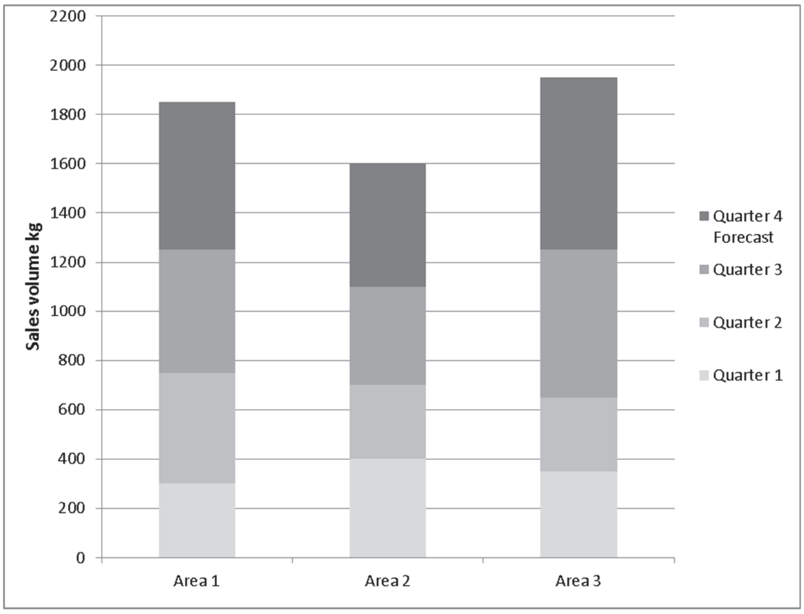

A Jenny Manku

B Roger Perwaiz

C Mike Capstick

D Sharon Newt

**34 Referring to the graph which statements are true and which are false?**



| | True | False |
|---|---|---|
| Area 3 shows the best performance in Q3 | | |
| Area 2 sales are consistent quarter on quarter | | |
| Q4 has the largest volume of sales across all areas | | |
| Area 1 shows the best performance in Q2 | | |

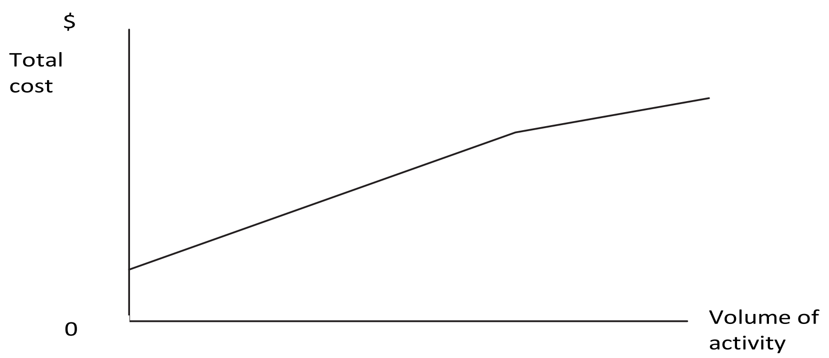
**35** A farmer has land extending to 100 acres which comprises 43% wheat, 20% barley, 16% grass, 12% oats and 9% fallow.

**If these figures were drawn in a pie chart, calculate the angle of the following crops (to the nearest whole number):**

| | |
|---|---|
| (a) Wheat | |
| (b) Oats | |

## COST CLASSIFICATION

**36** The following diagram represents the behaviour of one element of cost:




**Which one of the following descriptions is consistent with the above diagram?**

A Annual total cost of factory power where the supplier sets a tariff based on a fixed charge plus a constant unit cost for consumption which is subject to a maximum annual charge.

B Total annual direct material cost where the supplier charges a constant amount per unit which then reduces to a lower amount per unit after a certain level of purchases.

C Total annual direct material cost where the supplier charges a constant amount per unit but when purchases exceed a certain level a lower amount per unit applies to all purchases in the year.

D Annual total cost of telephone services where the supplier makes a fixed charge and then a constant unit rate for calls up to a certain level. This rate then reduces for all calls above this level.

**37** An organisation has the following total costs at three activity levels:

| | | | |
|---|---|---|---|
| Activity level (units) | 8,000 | 12,000 | 15,000 |
| Total cost | $204,000 | $250,000 | $274,000 |

Variable cost per unit is constant within this activity range and there is a step up of 10% in the total fixed costs when the activity level exceeds 11,000 units.

**What is the total cost at an activity level of 10,000 units?**

A $220,000

B $224,000

C $227,000

D $234,000

**38** A firm has to pay a $0.50 per unit royalty to the inventor of a device which it manufactures and sells.

**How would the royalty charge be classified in the firm's accounts?**

A selling expense

B direct expense

C production overhead

D administrative overhead

**39** Pliant plc produces cars and motorbikes. The company is split into four different divisions:

**Car sales division** – this department's manager has been given responsibility for selling the cars, as well as keeping control of the division's costs.

**Motorbike sales division** – this department's manager has been given responsibility for selling the motorbikes as well as controlling divisional costs. In addition, they have been told to plan what assets they should purchase for the coming year.

**Manufacturing division** – this division makes the cars and bikes and passes them to the finishing division. The divisional manager is only responsible for controlling the division's costs.

**Finishing division** – this division tests the cars and cleans them ready to be sold. They transfer the goods to the sales divisions and charge the sales divisions a set price, which is set by the finishing division's manager. The manager is also responsible for managing the division's costs as well as the investment in divisional assets.

**Are these centres being operated as a cost, profit or investment centre?**

| Division | Cost centre | Profit centre | Investment centre |
|---|---|---|---|
| Car sales | | | |
| Motorbike sales | | | |
| Manufacturing | | | |
| Finishing | | | |

**40 Which of the following can be included when valuing inventory?**

(i) Direct material

(ii) Direct labour

(iii) Administration costs

(iv) Production overheads

A (i), (ii) and (iii)

B (i), (ii) and (iv)

C (ii), (iii) and (iv)

D (i), (iii) and (iv)

**41 Which of the following is usually classed as a step cost?**

A Supervisor's wages

B Raw materials

C Rates

D Telephone

**42 Which of the following is NOT a cost object?**

A A cost centre

B A customer

C A manager

D A product

**43 Which of the following describes depreciation of fixtures?**

A Not a cash cost so is ignored in the cost accounts

B Part of overheads

C Part of prime cost

D Is a cash outflow

**44 Which of the following costs would NOT be classified as a production overhead cost in a food processing company?**

A The cost of renting the factory building

B The salary of the factory manager

C The depreciation of equipment located in the materials store

D The cost of ingredients