



Surname _____

Forename(s) _____

Centre Number _____

Candidate Number _____

Candidate Signature _____

I declare this is my own work.

A-level

ACCOUNTING

Paper 2 Accounting for analysis and decision-making

7127/2

Monday 3 June 2024

Morning

Time allowed: 3 hours

At the top of the page, write your surname and forename(s), your centre number, your candidate number and add your signature.

[Turn over]



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MATERIALS

For this paper you must have:

- a calculator
- an insert.

INSTRUCTIONS

- Use black ink or black ball-point pen.
- Answer ALL questions.
- You must answer the questions in the spaces provided. Do not write on blank pages.
- If you need extra space for your answer(s), use the lined pages at the end of this book. Write the question number against your answer(s).
- Do all rough work in this answer book. Cross through any work you do not want to be marked.

INFORMATION

- The marks for each question are shown in brackets.
- The maximum mark for this paper is 120.

DO NOT TURN OVER UNTIL TOLD TO DO SO



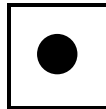
SECTION A

Answer ALL questions in this section.

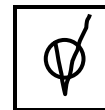
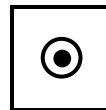
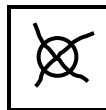
For multiple-choice questions only ONE answer per question is allowed.

For each question completely fill in the circle alongside the appropriate answer.

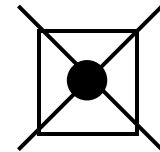
CORRECT METHOD



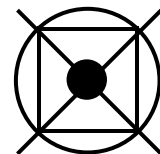
WRONG METHODS



If you want to change your answer you must cross out your original answer as shown.



If you wish to return to an answer previously crossed out, ring the answer you now wish to select as shown.



0	1
---	---

A business buys inventory on credit.

Which book of prime entry is used to record this transaction? [1 mark]

A Cash book

B General journal

C Purchases journal

D Purchases returns journal

[Turn over]



0	2
---	---

What is the impact on the statement of financial position of receiving a recovered debt that had previously been written off as irrecoverable? [1 mark]

A Decrease capital, decrease current assets

B Decrease capital, increase current assets

C Increase capital, decrease current assets

D Increase capital, increase current assets



0	3
---	---

Which of the following is an advantage of being a sole trader? [1 mark]

A They can sell shares to the general public.

B They have full control over decision making.

C They have limited liability.

D They pay corporation tax.

[Turn over]



0	4
---	---

A business pays royalties on each unit it manufactures.

Which of the following describes the cost of the royalties? [1 mark]

A Direct and semi-variable

B Direct and variable

C Indirect and semi-variable

D Indirect and variable



0	5
---	---

Which of the following is NOT a fundamental principle of ethical behaviour? [1 mark]

A Confidentiality

B Consistency

C Integrity

D Objectivity

[Turn over]



0	6
---	---

Product Q has the following costs per unit:

Materials	4 metres at £2 per metre
Labour	1.5 hours at £12 per hour
Overheads	£4 per labour hour

Product Q has a selling price of total cost plus a 10% mark up.

What is the selling price of Product Q? [1 mark]

A £28.60

B £32.00

C £33.00

D £35.20



07

Which is the formula to calculate dividend cover?
[1 mark]

A
$$\frac{\text{Dividend per share}}{\text{Market price per share}} \times 100$$

B
$$\frac{\text{Market price per share}}{\text{Dividend per share}} \times 100$$

C
$$\frac{\text{Ordinary share dividends paid}}{\text{Profit after interest and tax}}$$

D
$$\frac{\text{Profit after interest and tax}}{\text{Ordinary share dividends paid}}$$

[Turn over]



08

A manufacturer provides the following information:

Total fixed costs	£360 000
Unit variable cost	£20
Unit selling price	£60
Forecast output	20 000 units

What is the margin of safety in units? [1 mark]

A 9 000

B 11 000

C 14 000

D 15 500



09

Which is the formula to calculate the rate of inventory turnover? [1 mark]

A $\frac{\text{Average inventory}}{\text{Cost of sales}}$

B $\frac{\text{Average inventory}}{\text{Cost of sales}} \times 100$

C $\frac{\text{Cost of sales}}{\text{Average inventory}}$

D $\frac{\text{Cost of sales}}{\text{Average inventory}} \times 100$

[Turn over]



1	0
---	---

A manufacturer provides the following information:

	FEBRUARY	MARCH
Budgeted sales (in units)	45 000	48 000

Closing inventory is to be maintained at 20% of the following month's budgeted sales.

The warehouse has a maximum capacity of 9 500 units.

What is the budgeted production in units for February?
[1 mark]

A 44 400

B 45 500

C 45 600

D 54 500



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[Turn over]



[Turn over]



ZHOU
Budgeted trading section of the income statement
for the year ended 30 April 2025

[Turn over]



[Turn over]

30



SECTION B

Answer ALL questions in this section.

1 4

Source material for Question 14 is provided on page 4 of the separate insert.

1 4 . 1

Calculate the following variances: [10 marks]

Material price variance _____

Material usage variance _____

Labour rate variance _____

[Turn over]



Labour efficiency variance _____

1	5
---	---

Source material for Question 15 is provided on pages 6–7 of the separate insert.

1	5	.	1
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Calculate the net present value of the project, clearly showing the cash inflows and outflows. [10 marks]

[Turn over]



[Turn over]



15.2

Books Online has the option to buy different hardware for an additional cost of £500 000.

Calculate the payback period for the project WITHOUT and WITH this increase in cost. [4 marks]

Without increase in cost _____

With increase in cost _____

[Turn over]



15.3

Assess whether the decision to invest in the new technology should be based **ONLY** on the payback and net present value calculations.

Use your answers from Questions 15.1 and 15.2.
[6 marks]

40



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[Turn over]



SECTION C

Answer ALL questions in this section.

1	6
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Source material for Question 16 is provided on pages 8–9 of the separate insert.

Evaluate whether Mel should use marginal or absorption costing in order to set the selling price for the earrings. [25 marks]



[Turn over]





[Turn over]





[Turn over]



[Turn over]





[Turn over]



[Turn over]



17

Source material for Question 17 is provided on pages 10–11 of the separate insert.

Evaluate both suppliers and advise the directors of Piastri Ltd which supplier they should choose.

**Consider BOTH financial and non-financial factors.
[25 marks]**



[Turn over]







[Turn over]





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For Examiner's Use	
Section	Mark
A	
B	
C	
TOTAL	

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