
INTERNATIONAL A-LEVEL ACCOUNTING

9615

Paper 4 Accounting for analysis and decision making

Additional specimen paper
minutes

07:00 GMT

Time allowed: 2 hours 15

Materials

For this paper you may use:

- a calculator

Instructions

- Use black ink or black-call-point pen.
- Fill in the boxes at the top of this page.
- Answer **all** questions.
- You must answer the questions in the spaces provided. Do not write outside the box around each page or 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 book. Cross through any work you do not want to be marked.

Information

- The marks for questions are shown in brackets.
- The maximum mark for this paper is 90.

Section A

Answer **all** questions in this section.

Only **one** answer per question is allowed.

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

CORRECT METHOD



INCORRECT 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 What is the formula to calculate dividend yield?

[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 $\frac{\text{Ordinary share dividends paid}}{\text{Profit after interest and tax}} \times 100$

☐

D $\frac{\text{Profit after interest and tax}}{\text{Ordinary share dividends paid}} \times 100$

☐

0 2 Which best describes the net present value method of investment appraisal?

[1 mark]

A The amount of the discounted return on an investment

☐

B The amount of the discounted value of inflows from an investment

☐

C The investment required to produce a positive return on an investment

☐

D The rate to produce a positive return on a proposed investment

☐

0 3

Jude is a professional accountant and needs to attend a training course on recent changes to company law.

Which fundamental ethical principle is Jude complying with?

[1 mark]

A Confidentiality

☐

B Integrity

☐

C Objectivity

☐

D Professional competence and due care

☐
0 4

The following information is provided for a business for the month of February:

Closing inventory	45 units
Production	460 units
Sales	540 units

Which is the correct opening inventory figure for the production budget for February?

[1 mark]

A 35 units

☐

B 45 units

☐

C 80 units

☐

D 125 units

☐

0 5 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

☐

0 6 A sole trader is considering converting their business into a private limited company. They will be the only shareholder of the company.

Which would be a result of the proposed change in the type of business ownership?

[1 mark]

A Loses limited liability

☐

B Ownership is diluted

☐

C Profits are subject to corporation tax

☐

D Receives more capital

☐

0 7

The following information is available for the sale of product D for April 2024.

Budgeted sales	3 100 units
Actual sales	2 950 units
Budgeted sales revenue	\$20 460
Actual sales revenue	\$19 765

What is the sales volume variance?

[1 mark]

A \$695 Adverse

☐

B \$695 Favourable

☐

C \$990 Adverse

☐

D \$990 Favourable

☐**0 8**

Which of the following is never a responsibility of a management accountant within a business?

[1 mark]

A External audit

☐

B Internal audit

☐

C Monitor budgets

☐

D Prepare budgets

☐

0 9

The following information is available for the single product manufactured by a business.

Selling price per unit	\$24.50
Variable costs per unit	\$13.80
Fixed costs	\$90 000
Budgeted production	18 000 units

How many units must the business sell to produce an annual profit of \$80 000?

[1 mark]**A** 7 477 units☐**B** 14 036 units☐**C** 15 888 units☐**D** 29 825 units☐**1 0**

Product W has a budgeted cost for materials of \$578 per unit based on a monthly budgeted production of 4 920 units.

For the month of April 2024, actual production was 5 110 units and the following variances were calculated:

Variance	\$	
Material price	48 710	Favourable
Material usage	56 630	Adverse

What is the actual total cost for materials for April 2024?

[1 mark]**A** \$2 835 840☐**B** \$2 851 680☐**C** \$2 945 660☐**D** \$2 961 500☐

Turn over for the next question

1	1
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R Ltd manufactures a wheel. Each wheel sells at full cost plus 40%.

The standard cost per wheel is:

Direct materials: 1.27 kgs at \$21 per kg

Direct labour: 4 hours and 20 minutes at \$21 per hour.

Annual fixed overheads are absorbed at a rate of \$4 per direct labour hour.

1	1	.	1
---	---	---	---

Calculate the standard selling price per wheel.

[5 marks]

- 1 1 . 2** During the year ended 30 September 2024, production was 54 000 wheels. The actual direct labour cost was \$6 600 000 for 275 000 hours.

Calculate the direct labour rate variance.

[2 marks]

- 1 1 . 3** Calculate the direct labour efficiency variance.

[3 marks]

1	2
---	---

'The idea behind this method of costing is that it is the **cause** of a cost which is important, not whether it is fixed or variable.'

1	2	1
---	---	---

State the costing method described above.

[1 mark]

1	2	2
---	---	---

State two advantages of the costing method that is focused on the cause of a cost.

[2 marks]

1

2

Section B

Answer **all** questions in this section.

1 3

P Ltd owns a large factory and makes two types of carpets: plain and checked. The factory has two production departments, cutting and assembly, and two service departments, canteen and maintenance. The rugs are produced in batches.

P Ltd operates over 13 periods a year.

The budgeted overheads for the factory for periods 1–3 were as follows.

	\$
Assembly department repairs	101 250
Cutting department repairs	36 000
Factory rent	1 470 000
Factory staff costs	1 200 000
Machine depreciation	<u>1 380 000</u>
Total factory overheads	<u>4 187 250</u>

The following information is available for the departments for periods 1–3.

	Cutting	Assembly	Canteen	Maintenance
Direct machine hours	47 250	20 250	-	-
Direct labour hours	27 000	44 250	-	-
Carrying value of machinery	\$300 000	\$800 000	\$20 000	\$80 000
Number of employees	50	150	10	30
Floor area (sq m)	18 000	63 000	3 000	6 000

The service departments' overheads are apportioned to the production departments on the following basis.

	Cutting	Assembly	Canteen
Maintenance	50%	40%	10%
Canteen	25%	75%	-

1	3
---	---

Calculate the Overhead Absorption Rate (OAR) for each production department.

[15 marks]

[illegible]

Workings

The company has three production departments: C; P and F. The labour costs per unit are budgeted to be:

Department C: 40 mins at \$12 per hour
Department P: 20 mins at \$8 per hour
Department F: 2 hours at \$14 per hour

The business operates for 50 weeks a year and each employee will work for 40 hours a week. Monthly production is expected to be 13 500 units.

1 4 . 1

Prepare a labour budget for the year ended 31 October 2025. The budget should show the labour hours, the number of employees and the annual labour cost for each department.

[14 marks]

This image shows a blank sheet of white paper with horizontal ruling lines. The lines are evenly spaced and extend across the width of the page. There are no margins, text, or other markings on the paper.

1	4	.	2
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S Ltd currently produce 13 500 units each month. However, sales are not constant and in some months the level of production means that there is an increase in storage costs.

Qiwen thinks that to increase efficiency, production should not be fixed for each month but that a production budget should be used to set production levels. She has produced a production budget that shows:

	Month 2	Month 3	Month 4
Production (units)	12 300	13 700	13 300

Assess whether Qiwen is correct that efficiency will increase by using a production budget to set production levels instead of using a fixed rate of production.

[6 marks]

Extra space _____

1 5

A Ltd is considering investing in a new machine and has provided the following information:

	\$
Cost of machine	30 000
Installation costs	2 000
Fixed costs per year (excluding depreciation)	3 000

Purchase and installation of the machine is expected in 2024 and the project will start manufacturing in 2025. The machine will be used for 4 years before disposal at the end of 2028 for estimated proceeds of \$15 000. The company depreciates all non-current assets on a straight-line basis.

	2025	2026	2027	2028
Sales (units) based on customer surveys	1 500	10% increase	10% increase	20% increase
Sales price per unit	\$9.50	\$9.50	\$9.80	\$10.00
Variable costs per unit	\$2.50	\$2.50	\$3.00	\$3.00

The percentage increase is based on the previous year's sales in units. A Ltd uses a cost of capital of 12%. The relevant discount factors are:

Year	Discount factor
0	1.000
1	0.893
2	0.797
3	0.712
4	0.636

1	5	.	1
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Calculate the Net Present Value of the project, clearly showing the cash inflows and outflows. Round all figures to the nearest dollar.

[12 marks]

[illegible]

Workings

1 **5** **2** Calculate the payback period for the project.

[2 marks]

1 5 . 3 The finance director of A Ltd believes that if a project has a payback period of more than 2 years, it should be rejected. The company has experienced some cashflow difficulties in the most recent financial year.

Assess the finance director's opinion, using your answers from Questions 15.1 and 15.2.

[6 marks]

[illegible]

The factory is not able to work at full capacity without the repairs to the production machinery and as a result 35% of the workforce would have to be made redundant.

[12 marks]

[illegible]

Extra space

[illegible]

12

END OF QUESTIONS

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