



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

Tuesday 6 June 2023

Morning

Time allowed: 3 hours

[Turn over]



At the front of this book, write your surname and forename(s), your centre number, your candidate number and add your signature.

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



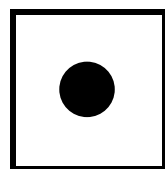
SECTION A

Answer ALL questions in this section.

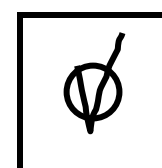
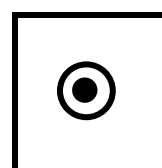
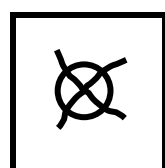
Only ONE answer per question is allowed.

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

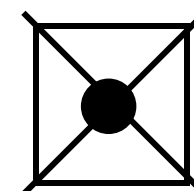
CORRECT METHOD



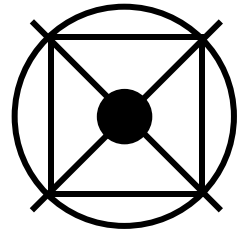
WRONG METHODS



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

Which is the source document for a payment by direct debit? [1 mark]

☐

A Bank statement

☐

B Cash receipt

☐

C Cheque counterfoil

☐

D Purchase invoice

[Turn over]



0	2
---	---

Which is the formula for markup?
[1 mark]

☐

A
$$\frac{\text{Cost of sales}}{\text{Gross profit}} \times 100$$

☐

B
$$\frac{\text{Gross profit}}{\text{Cost of sales}} \times 100$$

☐

C
$$\frac{\text{Gross profit}}{\text{Revenue}} \times 100$$

☐

D
$$\frac{\text{Revenue}}{\text{Gross profit}} \times 100$$

0	3
---	---

Which is a benefit of marginal costing?
[1 mark]

☐

A It helps to apportion fixed costs accurately.

☐

B It helps to cover fixed costs fully.

☐

C It helps to maximise profits when resources are scarce.

☐

D It helps to minimise variable costs.

[Turn over]



04

A business has the following budgeted information:

Direct labour	2 240 hours	£15 680
---------------	-------------	---------

Product M uses direct material at a cost of £11.72 per unit and 30 minutes of labour. Overheads are absorbed on a direct labour hours basis at a cost of £11.80 per hour.

What is the standard cost of manufacturing one Product M? [1 mark]

☐

A £15.22

☐

B £21.12

☐

C £27.02

☐

D £30.52

[Turn over]





0	5
---	---

Which is the formula for 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
$$\frac{\text{Profit after interest and tax}}{\text{Ordinary share dividends paid}} \times 100$$



BLANK PAGE

[Turn over]

0	6
---	---

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

For the month of April 2023, 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 2023? [1 mark]

☐

A £2 835 840

☐

B £2 851 680

☐

C £2 945 660

☐

D £2 961 500

[Turn over]



0	7
---	---

The draft accounts of a sole trader were prepared for the year ended 30 April 2023.

The closing balance for the bank was £6 370 debit, and the draft profit for the year was £126 300.

On 5 May 2023, it was discovered that a cheque from a credit customer for £490 had not been entered in the accounts. The cheque is in full and final settlement of an invoice totalling £535.



What are the adjusted balances?
[1 mark]

- ☐ **A Bank £5 880 and profit for the year £126 255**
- ☐ **B Bank £5 880 and profit for the year £126 345**
- ☐ **C Bank £6 860 and profit for the year £126 255**
- ☐ **D Bank £6 860 and profit for the year £126 345**

[Turn over]

08

A manufacturer provides the following information:

	MAY	JUNE
Budgeted sales (in units)	5 300	5 400
Opening inventory (in units)	1 325	1 350

For each unit of production, 5 kg of material is needed.



What is the budgeted purchases of material for May? [1 mark]

☐

A 26 375 kg

☐

B 26 500 kg

☐

C 26 625 kg

☐

D 27 000 kg

[Turn over]



09

The following information is provided by Bee Ltd for February 2023:

	BUDGETED	ACTUAL
Production overheads	£507 000	£510 500
Machine hours	253 500 hours	258 375 hours



Bee Ltd absorbs overheads using machine hours.

What is the over- or under-absorption of overheads for February 2023? [1 mark]

- ☐ **A £3 500 over absorbed**
- ☐ **B £3 500 under absorbed**
- ☐ **C £6 250 over absorbed**
- ☐ **D £6 250 under absorbed**

[Turn over]



10

The following information is available for corporation tax for a company for the year ended 31 March 2023.

	£
Taxation owed at 1 April 2022	18 670
Payments via bank	23 840
Taxation charge entry on the income statement	24 530



What is the balance brought down on the corporation tax account at 1 April 2023? [1 mark]

- ☐ **A £17 980 Credit**
- ☐ **B £17 980 Debit**
- ☐ **C £19 360 Credit**
- ☐ **D £19 360 Debit**

[Turn over]



1	1
---	---

Explain ONE advantage of a sole trader in a growing business becoming a private limited company. [3 marks]

BLANK PAGE

[Turn over]



1	2
---	---

Source material for use in answering Question 12 is provided on pages 2 to 3 of the separate insert.

**Calculate the TOTAL monthly production cost of PRODUCT A, on pages 25–27.
[7 marks]**

Total monthly production cost of
Product A.

	£

[Turn over]



Workings

This image shows a blank sheet of white paper with horizontal black ruling lines. The lines are evenly spaced and run across the width of the page. There is no handwriting or other markings on the paper.

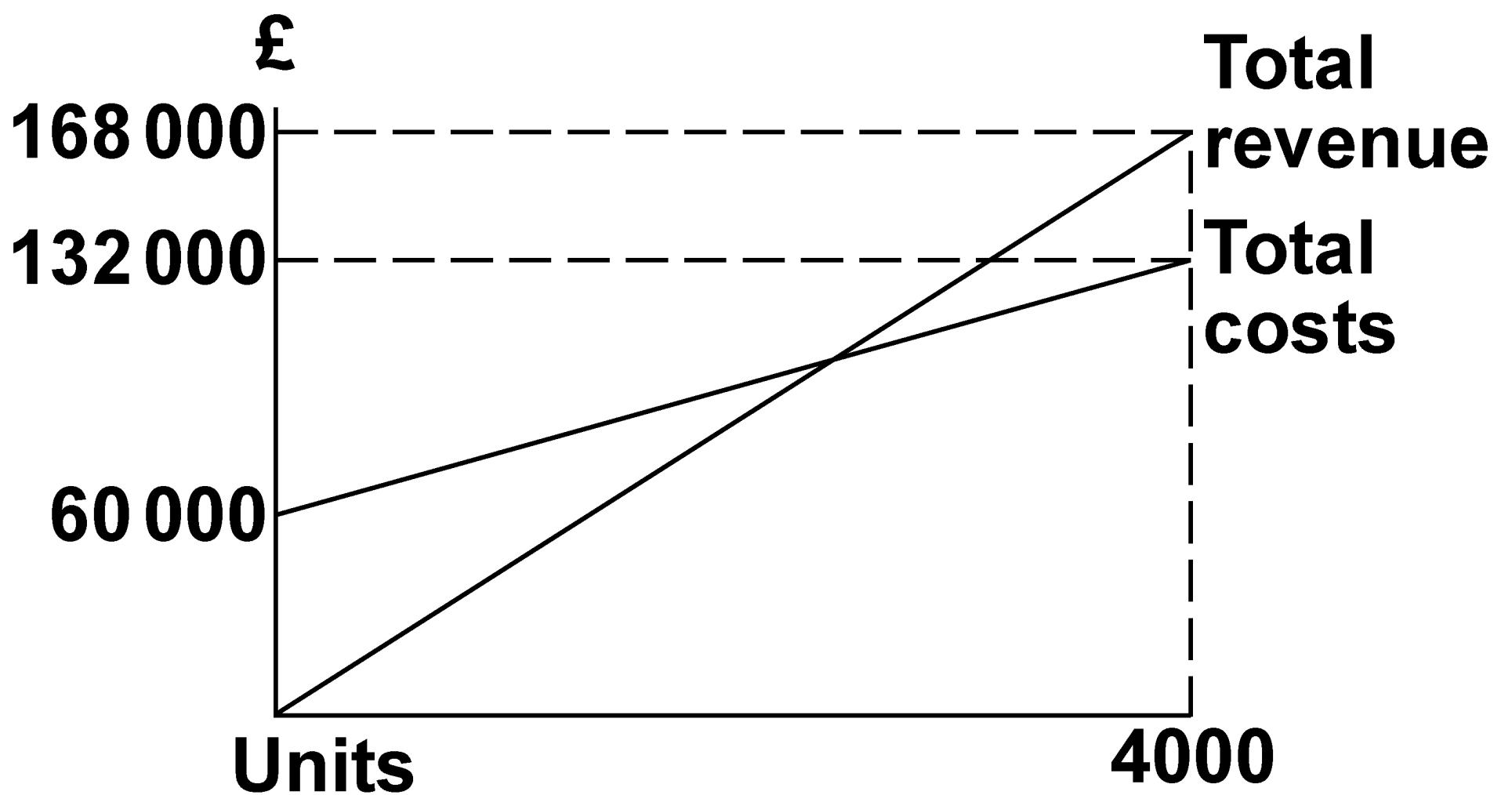
This image shows a blank sheet of white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.

[Turn over]



1	3
---	---

A business provides the following break-even graph. Note: the graph is not drawn to scale.



$$\boxed{1} \boxed{3} . \boxed{1}$$

**Calculate the break-even point in units.
[5 marks]**

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

[Turn over]





1	3	.	2
---	---	---	---

Calculate the margin of safety as a percentage of output if the business makes and sells 4 000 units. [2 marks]

[Turn over]



13.3

Calculate the profit or loss made if the business makes and sells 2 800 units.
[3 marks]

30



BLANK PAGE

[Turn over]



SECTION B

Answer ALL questions in this section.

14

Source material for use in answering Question 14 is provided on pages 4 to 6 of the separate insert.

14.1

Prepare a budgeted income statement for the year ended 31 December 2024 for Bev. [6 marks]





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

1 4 . 2

Prepare a budgeted statement of financial position as at 31 December 2024 for Bev using the bank balance as the balancing figure. [8 marks]

[illegible]

[Turn over]



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

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

[Turn over]



14.3

Bev has experience in a wholesale environment but she does not have financial experience. She knows that the UK ceramic pot industry can be quite unpredictable because clay suppliers are mostly based in Europe.

Assess the usefulness of preparing a budgeted statement of financial position for Bev. [6 marks]

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

[Turn over]



42

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

4 2

BLANK PAGE

[Turn over]



1	5
---	---

Source material for use in answering Question 15 is provided on pages 8 to 10 of the separate insert.

1	5	.	1
---	---	---	---

Calculate the Net Present Value of the project, clearly showing the cash inflows and outflows. Round all figures to the nearest pound. [12 marks]



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

[Turn over]



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

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

[Turn over]





1	5	.	2
---	---	---	---

Calculate the payback period for the project. [2 marks]

[Turn over]



15.3

The finance director of ABD Manufacturing 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]

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

40



BLANK PAGE

[Turn over]



SECTION C

Answer ALL questions in this section.

1	6
----------	----------

Source material for use in answering Question 16 is provided on pages 12 to 16 of the separate insert.

Evaluate whether Henderson Ltd should move the manufacturing of 2 000 units of the household scissors to the overseas company, or continue manufacturing all scissors in the United Kingdom. Justify your answer.

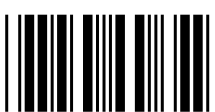
Consider both financial and non-financial factors. [25 marks]



[illegible]

[Turn over]



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

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

[Turn over]

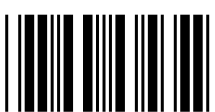


[illegible]



60

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

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

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

[Turn over]



64

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

1	7
---	---

Source material for use in answering Question 17 is provided on pages 18 to 21 of the separate insert.

Evaluate the managing director's opinion that the main reason for the difference between budgeted and actual profit is lower priced materials.

Consider both financial and non-financial factors. [25 marks]





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

70

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

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

[Turn over]



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

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

[Turn over]



74

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

7 4

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

[Turn over]



50



Additional page, if required.

Write the question numbers in the left-hand margin.

[illegible]

Additional page, if required.

Write the question numbers in the left-hand margin.



Additional page, if required.
Write the question numbers in the left-hand margin.

BLANK PAGE

For Examiner's Use	
Section	Mark
A	
B	
C	
TOTAL	

Copyright information

For confidentiality purposes, all acknowledgements of third-party copyright material are published in a separate booklet. This booklet is published after each live examination series and is available for free download from www.aqa.org.uk.

Permission to reproduce all copyright material has been applied for. In some cases, efforts to contact copyright-holders may have been unsuccessful and AQA will be happy to rectify any omissions of acknowledgements. If you have any queries please contact the Copyright Team.

Copyright © 2023 AQA and its licensors. All rights reserved.

WP/M/SC/Jun23/7127/2/E3

