

Answer Booklet

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|       |   |   |
|-------|---|---|
| 1     | C | 2 |
| 2     | A | X |
| 3     | A | 2 |
| 4     | D | 2 |
| 5     | B | 2 |
| 6     | D | X |
| 7     | A | 2 |
| 8     | B | 2 |
| 9     | B | 2 |
| 10    | C | X |
| 11    | B | X |
| 12    | D | 2 |
| 13    | B | 2 |
| 14    | D | 2 |
| 15    | A | 2 |
| 16    | C | 2 |
| 17    | A | 2 |
| 18    | B | 2 |
| 19    | D | 2 |
| 20    | B | X |
| 21    | A | X |
| 22    | A | 2 |
| 23    | A | X |
| 24    | A | 2 |
| 25    | C | X |
| Total |   |   |

- 20) The financial statement that reports assets, liabilities and equity is the:
- Statement of Financial Position
  - Income statement
  - Cash flow statement
  - Statement of retained earnings.
21. Normanton Furniture Company manufacture furniture for office use. Their cost structure per unit of kitchen table includes the following:  
Material cost £400, Labour cost £600 and Variable manufacturing overhead per unit £200, fixed manufacturing overhead per unit £100. what is the Unit cost of a table using variable costing method.
- £1,300
  - £1,200
  - £ 800
  - £1,500
- 22 Using the same information as given in Question no. 21, what should be the selling price of a table if the company wants to make a profit of 20% on cost?
- £ 1,440
  - £1,200
  - £1.500
  - £1,80

From the table below, answer Question 23 and 24

| Material             | Standard | Actual |
|----------------------|----------|--------|
| Price (per Kg)       | £5       | £4.5   |
| Quantity             | 700 kg   | 750 kg |
| Labour               |          |        |
| Wage rate (per hour) | £10.5    | £12    |
| Labour hours         | 100      | 105    |

23. What is Material price variance?
- £350 Fav Variance
  - £375 Fav Variance
  - £ 375 UnFav Variance
  - £350 UnFav Variance
24. What is labour efficiency variance?
- £ 52.5 UnFav Variance
  - £ 52.5 Fav Variance
  - £ 60 Fav Variance
  - £ 60 UnFav Variance
- 25) Beckham's statement of financial position shows the following totals:
- |                         |        |
|-------------------------|--------|
|                         | £      |
| Non-current assets      | 45,000 |
| Current assets          | 15,500 |
| Current liabilities     | 22,000 |
| Non-current liabilities | 5,000  |
- Beckham's capital in the business is:
- ✓ A £33,500
  - B £60,000
  - C £27,000
  - D £20,500

**Diwedd / End**



**Prifysgol Cymru**  
Y Drindod Dewi Sant  
**University of Wales**  
Trinity Saint David

**LOCATION: BIRMINGHAM**

**LLEOLIAD: BIRMINGHAM**

**LEVEL 4**

**LEFEL 4**

**EXAMINATION PERIOD**  
**JULY 2023 WEEKEND**

**CYFNOD ARHOLIADAU**  
**MEHEFIN 2023 PENWYTHNOS**

**MODULE: LCBB4001**  
**ACCOUNTING FUNDAMENTALS**

- Time: 2 hours
- All questions are compulsory and each carry 2 marks.
- Questions should be answered in the answer booklet provided.
- Must write the correct answer, A, B, C or D in the answer booklet.
- Equipment or materials required: Students can make use of a calculator.
- You need to return this question paper along with the answer booklet.

### Questions:

- 1) Absorption costing can also be referred to -  
A Prime cost  
B A variable cost  
C Full costing  
D An indirect cost
- 2) Breakeven point (pound) is -  
A Fixed cost  $\div$  Contribution per unit  
B Fixed cost  $\div$  Contribution ratio  
C Variable cost  $\div$  Contribution per unit  
D Total cost  $\div$  Contribution ratio

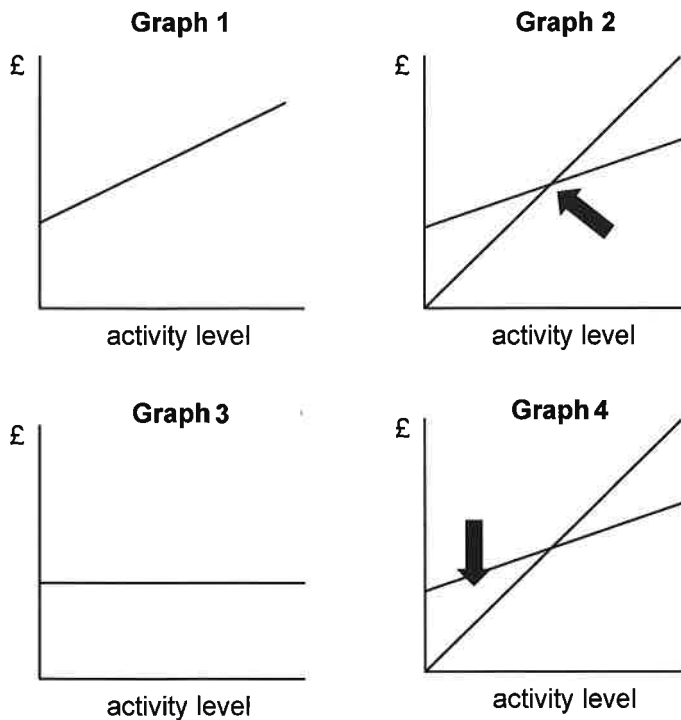
### Use the following information to answer questions 3 to 8.

Manila Tops Co. manufactures and sells tops for schoolgirls. The fixed costs of operating the company are £75,000 per month, and the variable costs for each top £ 4 per unit. The tops are sold for £ 9 per unit. The fixed costs provide a production capacity of up to 70,000 tops per month.

- 3) What is the contribution per tops?  
A £5  
B £3  
C £13  
D £2
- 4) What is Break-even point in £? *unit?*  
A £60,000  
B £50,000  
C £80,000  
D £15,000
- 5) What is the Net income or loss at 20,000 tops sold?  
A £100,000 profit  
B £25,000 profit  
C £25,000 loss  
D £80,000 profit
- 6) What is the Net income or loss at 7,500 tops sold?  
A £67,500 profit  
B £105,000 loss  
C £37,500 loss  
D £105,000 profit
- 7) How many tops Manila Tops Co. needs to sell to earn a profit of £50,000 in next Christmas period?  
A. 25,000 tops  
B. 30,000 tops  
C. 15,000 tops  
D. 35,000 tops
- 8) What is the percentage of margin of safety if Manila Tops Co. sells 20,000 tops in May 2023.  
A. 15%  
B. 25%  
C. 20%  
D. 10%

- 9) A cost that remains the same over a relevant level of activity is called:
- A semi-variable cost
  - B fixed cost
  - C mixed cost.
  - D direct cost
- 10) Which of the following statements is correct?
- A Depreciation charges must be calculated using the reducing balance method for machinery non-current assets
  - B Depreciation charges must be calculated using the straight-line method for motor vehicles non-current assets
  - C Depreciation charges must be calculated using the straight-line method for premises and fixtures and fittings non-current assets
  - D Depreciation charge must be calculated based on the method prescribed for each non-current asset.
- 11) Which of the following is not one of the principles of accounting?
- A Going concern principle
  - B Consistency principle
  - C Profitability Principle
  - D Accruals Principle
- 12) Who are the internal users of company financial statements?
- A Investors
  - B Bank
  - C Creditors
  - D Managers

Use the following information to answer questions 13 to 16.



- 13) Which of the graphs in the attached image illustrates total cost?
- A Graph 2
  - B Graph 1
  - C Graph 4
  - D Graph 3

- 14) Which of the graphs in the attached image illustrates total fixed cost?  
 A Graph 2  
 B Graph 1  
 C Graph 4  
 D Graph 3
- 15) Which of the graphs in the attached image indicates Break-even point?  
 A Graph 2  
 B Graph 1  
 C Graph 4  
 D Graph 3
- 16) Which of the graphs in the attached image indicates loss area?  
 A Graph 2  
 B Graph 1  
 C Graph 4  
 D Graph 3

**The following data is to be used for questions 17 to 19:**

Beauty PLC has incurred the following overheads:

|                        |         |
|------------------------|---------|
| Heating                | £20,000 |
| Canteen                | £15,000 |
| Insurance of equipment | £7,500  |

The company uses the following cost driver to allocate overhead:

|               |                         |
|---------------|-------------------------|
| For heating   | Floor space             |
| For canteen   | Number of employees     |
| For insurance | Book value of equipment |

Information relating to the 3 departments is as follows:

|                             | <i>Department 1</i> | <i>Department 2</i> | <i>Department 3</i> |
|-----------------------------|---------------------|---------------------|---------------------|
| Floor space (square metres) | 500                 | 700                 | 800                 |
| Book value of equipment     | 3,000               | 5,000               | 7,000               |
| Number of employees         | 15                  | 20                  | 25                  |

- 17) Heating overheads apportioned to Department 1 are:  
 A £5,000  
 B £2,000  
 C £20,000  
 D £4,000
- 18) Insurance of equipment apportioned to Department 2 are:  
 A £3,500  
 B £2,500  
 C £6,500  
 D £5,700
- 19) Canteen overheads apportioned to Department 3 are:  
 A £2,500  
 B £4,500  
 C £2,350  
 D £6,250