

AAT

Q2022

Management Accounting Techniques

EXAM KIT

This Exam Kit supports study for the following AAT qualifications:

AAT Level 3 Diploma in Accounting

AAT Level 3 Certificate in Bookkeeping

AAT Diploma in Accounting at SCQF Level 7

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Features in this revision kit

In addition to providing a wide ranging bank of real exam style questions, we have also included in this kit:

- unit specific information and advice on exam technique
- our recommended approach to make your revision for this particular subject as effective as possible.

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

www.aat.org.uk/

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UNIT SPECIFIC INFORMATION

THE EXAM

FORMAT OF THE ASSESSMENT

The assessment will comprise six independent tasks. Two of the tasks will be human marked. Students will normally be assessed by computer-based assessment.

In any one assessment, students may not be assessed on all content, or on the full depth or breadth of a piece of content. The content assessed may change over time to ensure validity of assessment, but all assessment criteria will be tested over time.

The learning outcomes for this unit are as follows:

	Learning outcome	Weighting
1	Understanding the purpose and use of management accounting within organisations	10%
2	Apply techniques required for dealing with costs.	15%
3	Attribute costs according to organisational requirements	20%
4	Investigate deviations from budget	15%
5	Use spreadsheet techniques to provide management accounting information	15%
6	Use management accounting techniques to support short-term decision making	15%
7	Understand principles of cash management	10%
	Total	100%

Time allowed

2 ½ hours

PASS MARK

The pass mark for all AAT CBAs is 70%.



Always keep your eye on the clock and make sure you attempt all questions!

DETAILED SYLLABUS

The detailed syllabus and study guide written by the AAT can be found at:

www.aat.org.uk/

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Section 1

PRACTICE QUESTIONS

COSTING TECHNIQUES

MATERIALS

- 1** Which of the following is least relevant to the simple economic order quantity model for inventory?
- A Safety inventory
 - B Annual demand
 - C Holding costs
 - D Ordering costs
- 2** The EOQ formula includes the cost of placing an order. However, the management accountant is unsure which of the following items would usually be included in 'cost of placing an order'
- (i) administrative costs
 - (ii) postage
 - (iii) quality control costs
 - (iv) unit cost of products
 - (v) storekeeper's salary
- Which three of the above would be regarded as part of the cost of placing an order?**
- A (i), (ii) and (iii)
 - B (i), (iv) and (v)
 - C (ii), (iii) and (iv)
 - D (i), (ii) and (v)

3 GLOBE LTD

Globe Ltd uses a standard component XZ7.

It estimates the following information regarding this component:

Weekly usage	1,500 – 3,500 units
Delivery period	2 – 4 weeks
Buffer (minimum) inventory	17,000 units
Maximum re-order quantity	15,750 units

Globe Ltd orders 11,250 components in each order.

Calculate the following:

- (a) Re-order level

- (b) Maximum inventory

- (c) Minimum re-order quantity

4 PLASTIC

The following information is available for plastic grade PM7:

- Annual demand 112,500 kilograms.
- Annual holding cost per kilogram £1.80
- Fixed ordering cost £3.60.

- (a) **Calculate the Economic Order Quantity (EOQ) for PM7 (round to the nearest whole number).**

The inventory record shown below for plastic grade PM7 for the month of July has only been fully completed for the first three weeks of the month.

- (b) **Complete the entries in the inventory record for the two receipts on 24 and 28 July that were ordered using the EOQ method.**

- (c) **Complete ALL entries in the inventory record for the two issues in the month and for the closing balance at the end of July using the FIFO method of issuing inventory.**

(Show the costs per kilogram (kg) in £'s to 3 decimal places; and the total costs in whole £'s).



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