

AAT

AQ2016

Management Accounting: Budgeting

EXAM KIT

This Exam Kit supports study for the following AAT qualifications:

AAT Professional Diploma in Accounting – Level 4

AAT Level 4 Diploma in Business Skills

AAT Professional Diploma in Accounting at SCQF Level 8

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Features in this exam 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 unit 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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Our Quality Co-ordinator will work with our technical team to verify the error and take action to ensure it is corrected in future editions.

UNIT-SPECIFIC INFORMATION

THE EXAM

FORMAT OF THE ASSESSMENT

The assessment will comprise eight independent tasks. Students will 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	Prepare forecasts of income and expenditure	10%
2	Prepare budgets	35%
3	Demonstrate how budgeting can improve organisational performance	35%
4	Report budgetary information to management in a clear and appropriate format	20%
	Total	100%

Time allowed

2 hours 30 minutes

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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EXAM TECHNIQUE

- Do not skip any of the material in the syllabus.
- Read each question *very* carefully.
- Double-check your answer before committing yourself to it.
- Answer **every** question – if you do not know an answer to a multiple choice question or true/false question, you don't lose anything by guessing. Think carefully before you **guess**.
- If you are answering a multiple-choice question, **eliminate first those answers that you know are wrong**. Then choose the most appropriate answer from those that are left.
- **Don't panic** if you realise you've answered a question incorrectly. Getting one question wrong will not mean the difference between passing and failing.

Computer-based exams – tips

- Do not attempt a CBA until you have **completed all study material** relating to it.
- On the AAT website there is a CBA demonstration. It is **ESSENTIAL** that you attempt this before your real CBA. You will become familiar with how to move around the CBA screens and the way that questions are formatted, increasing your confidence and speed in the actual exam.
- Be sure you understand how to use the **software** before you start the exam. If in doubt, ask the assessment centre staff to explain it to you.
- Questions are **displayed on the screen** and answers are entered using keyboard and mouse. At the end of the exam, you are given a certificate showing the result you have achieved.
- In addition to the traditional multiple-choice question type, CBAs will also contain **other types of questions**, such as number entry questions, drag and drop, true/false, pick lists or drop down menus or hybrids of these.
- In some CBAs you will have to type in complete computations or written answers.
- You need to be sure you **know how to answer questions** of this type before you sit the exam, through practice.

Section 1

PRACTICE QUESTIONS

SOURCES OF INFORMATION

1 SOURCES (I)

Match each item of budget data below with its appropriate source.

Data	Source
UK interest rates	SWOT analysis
Competitor prices	European Union
UK economic growth forecasts	Pricing research
	UK Treasury, independent economics consultants
	Bank of England
	Sydney Morning Herald

2 SOURCES (II)

Match each item of budget data below with its appropriate source.

Data	Source
UK tax rates	Internal analysis
UK house prices	European Union
Customer tastes	Market research
	HMRC publications
	Foreign office
	Building society data

3 SOURCES (III)

Match each item of budget data below with its appropriate source.

Data	Source
French tax rates	Building Society data
Political party likely to win power	Market research
Customer preferences	Opinion poll surveys
	HMRC publications
	French government
	New Delhi Times

4 SOURCES (IV)

Match each item of budget data below with its appropriate source.

Data	Source
UK economic growth forecasts	Brazilian government
UK duty rates (tax on alcohol etc.)	New York Times
Brazilian import tax rates	Market research
	HMRC publications
	UK Treasury, independent economics consultants
	Sydney morning herald

BUDGETARY RESPONSIBILITIES**5 CONTACTS (I)**

Match each task with the individual or group that you will need to contact for information.

Situation	Contact
You want to identify any production constraints	Trade union representative
You want to forecast the cost of labour	Board of Directors
The budget is ready for final approval	Suppliers
	Budget committee
	Production planning manager

6 CONTACTS (II)

Match each task with the individual or group that you will need to contact for information.

Situation	Contact
You want to know the future strategy of the firm	Pressure group
You want to forecast the cost of machinery	Board of directors
You want to assess the efficiency of labour	Buyer
	Machinery buyers
	Management accountants

7 CONTACTS (III)

Match each task with the individual or group that you will need to contact for information.

Situation	Contact
You want to know day to day regional firm policy	Machine operator
You want to forecast sales	Board of directors
You want to know idle time last period	Regional manager
	Management accountants
	Sales team

8 CONTACTS (IV)

Match each task with the individual or group that you will need to contact for information.

Situation	Contact
You want to forecast the price of raw materials	Managing director
You want to examine competitors' prices	Suppliers
You want to check the availability of skilled labour	Other firms' price lists
	Firms' buying department
	Employment agency