IQM4011

LEVEL 4 · SAMPLE ASSESSMENT

INTO QUALIFICATIONS

Management Accounting and Financial Decision-Making

Sample management accounting closed-book examination

STAFF ONLY · Staff marking and administration guide

Assessment
IQM4011 A1

Sample set
2026-S

Status
SAMPLE ASSESSMENT

Duration
2 hours

Total marks
100

Release timing
exam release

Purpose and control

This guide provides marking and administration arrangements for the IQM4011 A1 candidate assessment pack. It is aligned to the 20-question, 20-mark multiple-choice section and compulsory Questions 21–23 worth 20, 30 and 30 marks. Use it with IQM4011_A1_2026-S_Candidate Assessment Pack.pdf. The assessment is a secure invigilated, closed-book two-hour sample examination. No notes, books, phones, smart watches, internet access or generative AI are permitted. A non-programmable, non-graphing scientific calculator is required.

Administration

- Issue the candidate question paper and answer booklet. Confirm that candidates answer every item and that the answer booklet is attributable to the candidate.
- Check calculator compliance before the assessment. Candidates must not use devices with text, image, document storage, internet, communication or computer algebra functions.
- At collection, reconcile the candidate script and any permitted attendance or incident record. Store scripts under centre assessment-security arrangements.
- Markers should apply method marks where shown, accept mathematically equivalent methods, and record any rounding adjustment.

Section A Multiple Choice

Award 1 mark for the single correct option in each item. Award no partial credit. The key below is keyed to the candidate paper.

Item	Key	Rationale
1	B	internal planning and decisions
2	D	£32 − £20 = £12
3	A	semi-variable
4	C	fixed production overhead
5	A	activity-based costing
6	C	7,000 − 5,500 = 1,500
7	D	future incremental cash flow
8	B	zero-based budgeting
9	C	£300 adverse

Section A key continued

Item	Key	Rationale
10	A	£1,200 favourable
11	B	capital employed/investment
12	D	imputed capital charge
13	D	four scorecard perspectives
14	B	time to recover investment
15	C	estimated value added

Item	Key	Rationale
16	A	limiting resource/capacity
17	B	waste or quality problems
18	D	dysfunctional behaviour
19	A	input assumption change
20	C	transparent evidence/no bias

Section B Constructed Response

Award marks for calculation quality and explanation. Accept mathematically equivalent methods, F/A labels where direction is clear, and consistent rounding. Do not award interpretation marks where the calculation is not connected to the evidence.

Question 21 · Morrow Gear · 20 marks

Contribution = £45 − £24 = £21/unit. Break-even = £42,000 ÷ £21 = 2,000 units; break-even revenue = £90,000. At 2,700 units, margin of safety = 700 units, or £31,500 revenue (25.9% of actual units). Spare capacity is 500 units. Special-order contribution = (£35 − £24 − £3) × 500 = £4,000. Accept on the stated facts because capacity is available, normal demand is unaffected and no extra fixed cost is required. Relevant qualitative points include quality, delivery, overtime fatigue/safety, price leakage/customer precedent and displacement risk.

Criterion	Marks	Evidence expected
Contribution per unit	2	Formula and £21
Break-even units and revenue	4	2,000 units and £90,000
Margin of safety	3	700 units; £31,500 or equivalent
Special-order calculation	4	£8/unit and £4,000 total
Recommendation and relevant cost logic	3	Accept on stated facts
Qualitative considerations	4	Two explained relevant factors
Total	20	Question 21 total

Question 22 · Aster Components · 30 marks

Standard usage = 8,400 ÷ 4,000 = 2.1 kg/unit; standard labour = 3,800 ÷ 4,000 = 0.95 hours/unit. At 4,200 units: SQ = 8,820 kg and SH = 3,990 hours. Flexible budget: material 8,820 × £5 = £44,100; labour 3,990 × £14 = £55,860; total £99,960. Actual material = 9,030 × £5.20 = £46,956; actual labour = 4,050 × £13.50 = £54,675; total £101,631, £1,671 adverse.

Material price variance = 9,030 × (£5 − £5.20) = £1,806 adverse. Material usage variance = £5 × (8,820 − 9,030) = £1,050 adverse. Labour rate variance = 4,050 × (£14 − £13.50) = £2,025 favourable. Labour efficiency variance = £14 × (3,990 − 4,050) = £840 adverse. Net labour is £1,185 favourable; net material is £2,856 adverse; combined is £1,671 adverse. Interpret cautiously: price/usage may indicate quality, waste, yield or mix issues; lower average labour rate may reflect skill mix while adverse hours may indicate training, downtime or rework. Check invoices, specifications, scrap/yield, staffing, mix and downtime. Revise standards only where evidence shows assumptions changed; avoid unsafe or misleading incentives.

Criterion	Marks	Evidence expected
Flexible budget and standard quantities	6	SQ 8,820 kg; SH 3,990 hours; £99,960 budget
Material price variance	4	Method and £1,806 adverse
Material usage variance	4	Method and £1,050 adverse
Labour rate variance	4	Method and £2,025 favourable
Labour efficiency variance	4	Method and £840 adverse
Flexible-versus-actual comparison	3	Actual £101,631; £1,671 adverse
Interpretation, assumptions and evidence limits	3	Evidence-linked explanation and limits
Follow-up and behaviour	2	Proportionate checks and safe judgement
Total	30	Question 22 total

Question 23 · Lumen Ltd · 30 marks

PV inflows: £31,815, £26,432, £22,530 and £13,660; total PV = £94,437. NPV = £94,437 − £90,000 = £4,437 positive. Payback: £55,000 remains after Year 1, £23,000 after Year 2; 2 + £23,000/£30,000 = 2.7667 years, approximately 2 years 9 months, assuming even Year 3 inflow. At 15% lower inflows, PV = £94,437 × .85 = £80,271.45 and NPV = negative £9,728.55, approximately negative £9,729. Base case supports acceptance on estimated value, but sensitivity reverses the decision. Verify demand, installation, maintenance, working capital and residual value before commitment.

NPV recognises time value and all forecast cash flows but depends on uncertain forecasts and discount rate. Conventional payback highlights liquidity exposure but ignores time value and post-payback cash flows. Accept other accurate limitations linked to the methods.

Criterion	Marks	Evidence expected
Base PV and NPV	8	PV workings and £4,437 positive
Conventional payback	5	2 + 23/30 = 2.77 years
15% downside NPV	6	£9,729 adverse rounded
Evaluation and decision	6	Base decision and sensitivity reversal

Criterion	Marks	Evidence expected
Limitations of each method	5	Accurate limitations for NPV and payback
Total	30	Question 23 total