**AAT** 

Q2022

# **Applied Management Accounting**

# **EXAM KIT**

This Exam Kit supports study for the following AAT qualifications:

AAT Level 4 Diploma in Professional Accounting

AAT Diploma in Professional Accounting at SCQF Level 8



#### **British Library Cataloguing-in-Publication Data**

A catalogue record for this book is available from the British Library.

Published by:

Kaplan Publishing UK

Unit 2 The Business Centre

Molly Millar's Lane

Wokingham

Berkshire

RG41 2QZ

ISBN: 978-1-83996-063-5

© Kaplan Financial Limited, 2021

Printed and bound in Great Britain

The text in this material and any others made available by any Kaplan Group company does not amount to advice on a particular matter and should not be taken as such. No reliance should be placed on the content as the basis for any investment or other decision or in connection with any advice given to third parties. Please consult your appropriate professional adviser as necessary. Kaplan Publishing Limited and all other Kaplan group companies expressly disclaim all liability to any person in respect of any losses or other claims, whether direct, indirect, incidental, consequential or otherwise arising in relation to the use of such materials.

All rights reserved. No part of this examination may be reproduced or transmitted in any form or by any means, electronic or mechanical, including photocopying, recording, or by any information storage and retrieval system, without prior permission from Kaplan Publishing.

This Product includes content from the International Auditing and Assurance Standards Board (IAASB) and the International Ethics Standards Board for Accountants (IESBA), published by the International Federation of Accountants (IFAC) in 2015 and is used with permission of IFAC.

P.2 KAPLAN PUBLISHING

# **CONTENTS**

#### Page

Unit specific information	P.4
Index to questions and answers	P.5
Exam technique	P.7
Kaplan's recommended revision approach	P.8

Practice questions	1
Answers to practice questions	195
Mock assessment questions	345
Answers to mock assessment questions	359

#### 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/

Quality and accuracy are of the utmost importance to us so if you spot an error in any of our products, please send an email to mykaplanreporting@kaplan.com with full details, or follow the link to the feedback form in MyKaplan.

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.

KAPLAN PUBLISHING P.3

# UNIT SPECIFIC INFORMATION

### THE EXAM

#### **FORMAT OF THE ASSESSMENT**

The assessment will comprise ten independent tasks. 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	Understand and implement the organisational planning process	25%
2	Use internal processes to enhance operational control	27%
3	Use techniques to aid short-term and long-term decision making	25%
4	Analyse and report on business performance	23%
	Total	100%

#### Time allowed

3 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/

P.4 KAPLAN PUBLISHING

# **INDEX TO QUESTIONS AND ANSWERS**

## Page number

		Question	Answer
BUDGET	ING		
1-4	Sources of information	1	195
5 – 12	Budgetary responsibilities	2	196
13 – 15	Accounting treatment	6	199
16 – 19	Indices	7	200
20 – 38	Production budgets	9	201
39 – 44	Machine utilisation	15	206
45 – 46	Capacity constraints	17	208
47 – 51	Working schedules and operating budgets	19	209
52 – 57	Cash flow forecasts	23	212
58 – 60	Periodic budgets	27	215
61 – 62	Alternative scenarios	29	216
63 – 77	Sales revenue and costs forecasts	31	218
78 – 84	Written tasks	35	222
85 – 87	Monthly operating reports and variances calculations	46	229
88 – 100	Budget revision and variance analysis	49	231
STANDA	RD COSTING AND VARIANCES		
101 – 117	Standard costing	55	245
118 – 128	Material variances	61	248
129 – 150	Labour variances	64	252
151 – 157	Variable overhead variances	71	258
158 – 165	Fixed overhead variances	73	261
166 – 174	Written tasks	76	264
OPERAT	ONAL CONTROL		
175 – 182	Impact of technology	90	276
183 – 189	Activity based costing	92	278
190 – 199	Life cycle costing	102	284
200 – 214	Target costing	111	289
SHORT T	ERM DECISION MAKING		
215 – 224	Relevant costing	120	297
225 – 233	Limiting factors and other types of decision	124	299
234 – 244	Linear programming	136	307

KAPLAN PUBLISHING P.5

### AAT: APPLIED MANAGEMENT ACCOUNTING

LONG TERM DECISION MAKING				
245 – 258	Payback, ARR, NPV and IRR	142	311	
PERFORI	PERFORMANCE INDICATORS			
259 – 272	Calculations	151	317	
273 – 281	Written tasks	158	321	
282 – 284	Ethics	176	331	
CALCULA	CALCULATING FORECASTS			
285 – 314	Trend analysis, indexing, linear regression and expected values	177	332	
DIVISIONAL PERFORMANCE				
315 – 323	ROI, RI and transfer pricing	188	340	

MOCK EXAM		
Questions and answers	345	359

P.6 KAPLAN PUBLISHING