Please check the examination details below before entering your candidate information

Candidate surname	Other names

Centre Number | | | | | |

Candidate Number | | | | |

Pearson Edexcel International Advanced Level

Wednesday 20 May 2026

Morning (Time: 3 hours)

Paper reference **WAC12/01**

Accounting

International Advanced Level
UNIT 2: Corporate and Management Accounting

You must have:
Source Booklet (enclosed)

Total Marks

Instructions

- Use **black** ink or ball-point pen.
- **Fill in the boxes** at the top of this page with your name, centre number and candidate number.
- Answer **both** questions in Section A and **three** questions from Section B.
- All calculations must be shown.
- Answer the questions in the spaces provided – *there may be more space than you need.*
- Do not return the Source Booklet with the question paper.

Information

- The total mark for this paper is 200.
- The marks for **each** question are shown in brackets – *use this as a guide as to how much time to spend on each question.*
- Calculators may be used.
- The source material for use with Questions 1 to 6 is in the enclosed Source Booklet.

Advice

- Read each question carefully before you start to answer it.
- Check your answers if you have time at the end.

Turn over

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Pearson

SECTION A

Answer BOTH questions in this section.

Source material for Question 1 is on pages 2 to 3 of the Source Booklet.

1 (a) Calculate the following ratios for the year ended 31 March 2026.

You should state the formula used in each calculation.

(i) Dividend per share

(5)

(ii) Dividend yield

(4)

(iii) Earnings per ordinary share

(6)

(iv) Price/earnings ratio

(4)

(v) Dividend cover

(4)

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(vi) Gearing ratio

(12)

DO NOT WRITE IN THIS AREA

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DO NOT WRITE IN THIS AREA

(vii) Return on capital employed (ROCE).

(8)

(b) Evaluate the financial performance of Atraixy Industrials plc for the year ended 31 March 2026.

(12)

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(Total for Question 1 = 55 marks)

Source material for Question 2 is on pages 4 to 5 of the Source Booklet.

2 (a) Calculate the break-even point for the production of sponge cakes for Year One in:

(i) sales units

(16)

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DO NOT WRITE IN THIS AREA

(ii) revenue.

(2)

(b) Calculate for Year One the margin of safety in sales units.

(4)

(c) Calculate the budgeted profit (or loss) for Delice Cakes plc for Year One.

(6)

(d) Complete a break-even graph for Option 2 for Year One, for an output of 0 to 80 000 fruit pies.

Graph pages are available on pages 15 and 16.

The graph must show the following:

- appropriate labelling of axes
- appropriate scales
- fixed costs
- total costs
- revenue
- break-even point measured in units and sales revenue
- profit for an output of 80 000 units
- margin of safety measured in units for an output of 80 000 units
- the angle of incidence.

(15)

Workings for graph

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(e) Evaluate the **two** possible production options, sponge cakes and fruit pies, for Delice Cakes plc and recommend one option.

(12)

(Total for Question 2 = 55 marks)

TOTAL FOR SECTION A = 110 MARKS

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SECTION B

Answer THREE questions from this section.

Indicate which question you are answering by marking a cross in the box ☒. If you change your mind, put a line through the box ☒ and then indicate your new question with a cross ☒.

If you answer Question 3, put a cross in the box ☐ .

Source material for Question 3 is on pages 6 to 8 of the Source Booklet.

3 (a) Calculate the value of QHP plc after the revaluations above.

(7)

(b) Calculate the total value of the offer from StayKlean plc.

(4)

(c) Calculate the goodwill included in the offer from StayKlean plc.

(3)

(d) Explain **two** reasons why StayKlean plc is willing to pay goodwill when purchasing QHP plc.

(4)

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(e) Calculate the value of the offer from ShinyGlitter plc.

(4)

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(f) Calculate the trading value of the shares Ahmad would receive in ShinyGlitter plc if its offer is accepted.

(2)

(g) Evaluate the **two** offers for shares in QHP plc and recommend one of the offers to the shareholders of QHP plc.

(6)

(Total for Question 3 = 30 marks)

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If you answer Question 4, put a cross in the box ☒ .

Source material for Question 4 is on pages 9 and 10 of the Source Booklet.

4 (a) Calculate the net present value of the investment in the three tennis courts to Binghamton Town Council.

(18)

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(b) Calculate the internal rate of return of the tennis court project to Binghamton Town Council.

(6)

(c) Evaluate whether Binghamton Town Council should invest in the project of building three open-air tennis courts for the use of local residents.

(6)

(Total for Question 4 = 30 marks)

If you answer Question 5, put a cross in the box ☒ .

Source material for Question 5 is on pages 11 and 12 of the Source Booklet.

5 (a) Prepare the following ledger accounts to record the transactions for the financial year ended 31 March 2026:

(i) Ordinary Share Capital Account

(6)

Ordinary Share Capital Account

Date	Details	£	Date	Details	£

Workings

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(ii) Application and Allotment Account

(6)

Application and Allotment Account

Date	Details	£	Date	Details	£

Workings

(iii) Share Premium Account

(3)

Share Premium Account

Date	Details	£	Date	Details	£

Workings

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DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

(iv) First Call Account

(3)

First Call Account

Date	Details	£	Date	Details	£

Workings

(v) Second and Final Call Account.

(3)

Second and Final Call Account

Date	Details	£	Date	Details	£

Workings

(b) State **two** ways in which bonus shares differ from rights issue shares.

(2)

1 ....

....

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2 ....

....

....

(c) State **one** way in which bonus shares are the same as rights issue shares.

(1)

....

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....

(d) Evaluate the decision of Sohabital plc to issue more ordinary shares.

(6)

(Total for Question 5 = 30 marks)

If you answer Question 6, put a cross in the box ☒ .

Source material for Question 6 is on page 13 of the Source Booklet.

6 (a) Prepare for PrincePrint plc, two Statements of Profit or Loss and Other Comprehensive Income for the year ended 31 March 2026, in columnar format, using:

- marginal costing
- absorption costing.

(24)

	Marginal costing	**Absorption costing**

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Workings

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DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

(b) Evaluate the decision to draw up the profit and loss account in two ways, using marginal costing and absorption costing.

(6)

(Total for Question 6 = 30 marks)

TOTAL FOR SECTION B = 90 MARKS
TOTAL FOR PAPER = 200 MARKS

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Pearson Edexcel International Advanced Level

Wednesday 20 May 2026

Morning (Time: 3 hours)

Paper reference	WAC12/01

Accounting

International Advanced Level
UNIT 2: Corporate and Management Accounting

Source Booklet
Do not return this Booklet with the question paper.

Turn over ▶

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SECTION A

Answer BOTH questions in this section.

1 You are the Accountant of Atraixy Industrials plc. You need to calculate several ratios that will be presented to shareholders at the Annual General Meeting.

Information concerning the company and its performance for the financial year ended 31 March 2026 is given below.

Ordinary shares of £0.80 each	20 million shares issued at a premium of £0.40 per share
6.5% Irredeemable preference shares of £1.00 each	10 million shares
6% Redeemable preference shares of £1.00 each	5 million shares
Retained earnings	£1 350 000 debit
General reserve	£500 000
Foreign exchange reserve	£800 000
Revaluation reserve	£1 000 000
12% Debenture 2030	£10 000 000
13% Bank loan	£1 800 000
Net profit after interest before tax	£2 650 000
Tax on profit	£520 000
Interim Ordinary dividend paid for year	£190 000
Final Ordinary dividend paid for year	1.25 pence (£0.0125) per share
Ordinary share price at 31 March 2026	£0.73 per share

Required

(a) Calculate the following ratios for the year ended 31 March 2026.

You should state the formula used in each calculation.

(i) Dividend per share

(5)

(ii) Dividend yield

(4)

(iii) Earnings per ordinary share

(6)

(iv) Price/earnings ratio

(4)

(v) Dividend cover

(4)

(vi) Gearing ratio

(12)

(vii) Return on capital employed (ROCE).

(8)

You have been asked to help prepare the speech to be made by the Chair of the company at the Annual General Meeting. You have been asked to prepare notes about the financial performance of the company.

Required

(b) Evaluate the financial performance of Atraixy Industrials plc for the year ended 31 March 2026.

(12)

(Total for Question 1 = 55 marks)

2 Delice Cakes plc has decided to increase the range of products it sells. The company has taken over a small factory that it will use for production. There will only be enough room to produce one extra product.

Option 1 – Produce sponge cakes

The company has asked a famous television chef to create a possible recipe for a sponge cake.

The following information is available for Year One.

(1) Production will be 75 000 cakes and 98% are expected to be sold.

(2) Business rates on the premises, payable to the local council, will be £1 950 per month.

(3) Delivery costs to retailers will be £15 per 300 cakes.

(4) Direct labour costs will be £85 per 500 cakes.

(5) Managers' salaries will be £1 600 per month.

(6) Material costs will be £0.80 per cake.

(7) Other fixed costs will be £600 per month.

(8) Power costs will be £9 000 per quarter (three-month period) plus £0.01 per cake.

(9) Royalty payments to the creator of the cakes, the television chef, will be £0.02 per cake produced.

(10) Each cake will be sold to retailers for £2.65

Required

(a) Calculate the break-even point for the production of sponge cakes for Year One in:

(i) sales units

(16)

(ii) revenue.

(2)

(b) Calculate for Year One the margin of safety in sales units.

(4)

The closing inventory of sponge cakes at the end of Year One is expected to be valued at £1 316

Required

(c) Calculate the budgeted profit (or loss) for Delice Cakes plc for Year One.

(6)

Option 2 – Produce fruit pies

The following information is available for Year One.

(1) Production will be 80 000 fruit pies and all are expected to be sold.

(2) Business rates on the premises, payable to the local council, will be £1 950 per month.

(3) Delivery costs to retailers will be £25 per 500 fruit pies.

(4) Direct labour costs will be £115 per 500 fruit pies.

(5) Managers' salaries will be £1 500 per month.

(6) Material costs will be £0.90 per fruit pie.

(7) Other fixed costs will be £550 per month.

(8) Power costs will be £8 000 per quarter (three-month period) plus £0.02 per fruit pie.

(9) There are no royalty payments as the creator of the fruit pie is an employee.

(10) Each fruit pie will be sold to retailers for £2.60

Required

(d) Complete a break-even graph in the Question Paper for Option 2 for Year One, for an output of 0 to 80 000 fruit pies.

Graph pages are available on pages 15 and 16 of the question paper.

The graph must show the following:

- appropriate labelling of axes
- appropriate scales
- fixed costs
- total costs
- revenue
- break-even point measured in units and sales revenue
- profit for an output of 80 000 units
- margin of safety measured in units for an output of 80 000 units
- the angle of incidence.

(15)

(e) Evaluate the **two** possible production options, sponge cakes and fruit pies, for Delice Cakes plc and recommend one option.

(12)

(Total for Question 2 = 55 marks)

TOTAL FOR SECTION A = 110 MARKS

SECTION B

Answer THREE questions from this section.

3 You are a shareholder in Quality Household Products plc (QHP plc).

QHP plc has been informed that there are two larger companies interested in taking over QHP plc.

A copy of the Statement of Financial Position of QHP plc for the year ended 31 March 2026 has been sent to you together with additional information.

Statement of Financial Position of QHP plc at 31 March 2026

	£000s	**£000s**
Assets		
Non-current Assets (carrying value)		
Property, plant and equipment	6 400	
Computers	1 050	
Fixtures and fittings	420	
Furniture	110	
		7 980
Intangible Assets		
Patents	70	
Trademarks	20	
		90
Current Assets		
Inventory	170	
Trade receivables	1 330	
Bank	520	
Cash	60	
		2 080
Total Assets		**10 150**

	£000s	£000s
Equity		
Ordinary shares of £0.80 each	4 800	
Share premium	1 200	
Retained earnings	320	
Total Equity		**6 320**
Liabilities		
Non-current liabilities		
Mortgage	2 790	
Bank loan	450	
		3 240
Current Liabilities		
Trade payables	380	
Other payables	120	
Taxation due	90	
		590
Total Liabilities		3 830
Total Equity and Liabilities		**10 150**

The additional information states that there have been some changes to asset values **after** 31 March 2026. These are:

- Property was revalued upwards by 15%.
- Computers were revalued downwards by 20%.
- Fixtures and fittings were valued downwards by £40 000
- After a court case, a patent that had been valued at £25 000 was considered to have no value.
- Inventory is to be valued at £175 000

Required

(a) Calculate the value of QHP plc after the revaluations above.

(7)

One of the larger companies that wishes to take over QHP plc is StayKlean plc, and it has offered each shareholder in QHP plc the following:

£1.37 cash for every one share held in QHP plc.

Required

(b) Calculate the total value of the offer from StayKlean plc.

(4)

(c) Calculate the goodwill included in the offer from StayKlean plc.

(3)

(d) Explain **two** reasons why StayKlean plc is willing to pay goodwill when purchasing QHP plc.

(4)

Another company, ShinyGlitter plc, has also made an offer for QHP plc.

ShinyGlitter plc has offered shareholders in QHP plc the following terms:

For every 10 shares in QHP plc, shareholders receive 4 shares in ShinyGlitter plc.

The shares in ShinyGlitter plc have a nominal value of £1 but are trading at a premium of £2.50 per share.

Required

(e) Calculate the value of the offer from ShinyGlitter plc.

(4)

Ahmad has 180 shares in QHP plc.

Required

(f) Calculate the trading value of the shares Ahmad would receive in ShinyGlitter plc if its offer is accepted.

(2)

(g) Evaluate the **two** offers for shares in QHP plc and recommend one of the offers to the shareholders of QHP plc.

(6)

(Total for Question 3 = 30 marks)

4 Binghamton Town Council is considering investing in a project to build three open-air tennis courts for the use of local residents.

Binghamton Town Council has a policy that states all investment projects must give a positive return on the investment within five years.

The following forecast information is available for the first five years of the investment.

(1) The cost of building the three tennis courts will be £150 000 in total.

(2) The cost of building the tennis courts is to be depreciated over the five years.

(3) The public may hire a tennis court for a fee of £10 per hour.

(4) Tennis is a seasonal sport and the demand for courts is likely to be as follows. Figures shown are for just ONE court.

Season (three months)	Winter	Spring	Summer	Autumn
Hires per day (hours)	2	5	11	4

Assume 30 days in a month.

(5) A member of staff will be employed to supervise the courts and collect payments at a salary of £11 000 per year.

(6) Other overheads, including depreciation, are £3 300 per month.

(7) It is expected that each booking will result in a sale of two drinks.

(8) Drinks will be sold at a price of £0.90 per drink. The mark up on drinks will be 50%.

(9) Binghamton Town Council will use a cost of capital of 8% in its calculations.

The discount factors for a cost of capital of 8% are given below.

Year	**Discount factor**
1	0.926
2	0.857
3	0.794
4	0.735
5	0.681

Required

(a) Calculate the net present value of the investment in the three tennis courts to Binghamton Town Council.

(18)

The council uses the internal rate of return as a method of project evaluation.

The net present value of the contract using a cost of capital of 14% is minus £31 565 (£31 565).

Required

(b) Calculate the internal rate of return of the tennis court project to Binghamton Town Council.

(6)

(c) Evaluate whether Binghamton Town Council should invest in the project of building three open-air tennis courts for the use of local residents.

(6)

(Total for Question 4 = 30 marks)

5 Sohabital plc had the following balances at the start of the financial year on 1 April 2025.

	£
Share capital (Ordinary shares of £0.50 each)	485 000
Share premium	194 000

The directors decided to issue additional ordinary shares to existing shareholders.

During the year ended 31 March 2026, the following took place.

(1) On 9 April 2025, the company offered 300 000 ordinary shares of £0.50 each, at a price of £0.70 each on the following terms:

- 10 pence (£0.10) on application
- 20 pence (£0.20) on allotment
- 25 pence (£0.25) first call (including the 20 pence (£0.20) premium)
- 15 pence (£0.15) second and final call.

(2) On 4 May 2025, applications for 372 000 shares had been received.

The directors rejected applications for 72 000 shares and allotted the shares to the successful applicants.

(3) On 25 July 2025, monies were returned to unsuccessful applicants.

(4) On 1 September 2025, the balances due on allotment were fully received.

(5) On 15 December 2025, the first call was made and the amounts were fully received.

(6) On 1 March 2026 the second and final call was made and the amounts were fully received.

Required

(a) Prepare the following ledger accounts to record the transactions for the financial year ended 31 March 2026:

(i) Ordinary Share Capital Account **(6)**

(ii) Application and Allotment Account **(6)**

(iii) Share Premium Account **(3)**

(iv) First Call Account **(3)**

(v) Second and Final Call Account. **(3)**

You should show the following where relevant:

- dates
- opening balances at the start of the financial year at 1 April 2025
- closure of any relevant accounts during the financial year ended 31 March 2026
- closing balances at the end of the financial year 31 March 2026
- opening balances at the start of the financial year 1 April 2026.

Required

(b) State **two** ways in which bonus shares differ from rights issue shares.

(2)

(c) State **one** way in which bonus shares are the same as rights issue shares.

(1)

Issuing more ordinary shares has advantages and disadvantages for a company.

Required

(d) Evaluate the decision of Sohabital plc to issue more ordinary shares.

(6)

(Total for Question 5 = 30 marks)

6 You have been appointed as the Cost Accountant for PrincePrint plc. The company produces printers for computers. The company draws up accounts using both absorption costing and marginal costing.

The following information is available for the year ended 31 March 2026.

(1) Opening inventory 1 000 printers.

(2) Opening inventory valuation:

- marginal costing valued at £27.00 per printer
- absorption costing valued at £33.00 per printer.

(3) Production – a printer is completed every five minutes.

(4) The production department operates eight hours a day, five days a week, for 48 weeks of the year.

(5) Fixed overheads – £9 600 per month.

(6) Semi-variable costs – £720 per week fixed element, plus £8.70 per printer.

(7) Direct materials – £11.20 per printer.

(8) Direct labour – 45 minutes' work per printer at a wage rate of £12.60 per hour.

(9) Selling price – £49.00 per printer.

(10) The business has only two customers, which are supplied with the following numbers of printers:

- Woolnoughs plc – supplied with 300 printers per week
- A & C plc – supplied with 180 printers per week.

Required

(a) Prepare for PrincePrint plc two Statements of Profit or Loss and Other Comprehensive Income for the year ended 31 March 2026, in columnar format, using:

- marginal costing
- absorption costing.

(24)

A trainee accountant asks, "Why do we need to draw up the profit and loss account in two ways, using marginal costing and absorption costing, when they show very similar profit figures?"

Required

(b) Evaluate the decision to draw up the profit and loss account in two ways, using marginal costing and absorption costing.

(6)

(Total for Question 6 = 30 marks)

TOTAL FOR SECTION B = 90 MARKS
TOTAL FOR PAPER = 200 MARKS

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