UNIVERSITY OF CAMBRIDGE INTERNATIONAL EXAMINATIONS
General Certificate of Education
Advanced Subsidiary Level and Advanced Level

CANDIDATE NAME									
CENTRE NUMBER						CANDIDATE NUMBER			

3332318742

ACCOUNTING **9706/21**

Paper 2 Structured Questions **October/November 2012**

1 hour 30 minutes

Candidates answer on the Question Paper

No Additional Materials are required.

READ THESE INSTRUCTIONS FIRST

Write your Centre number, candidate number and name on all the work you hand in.
Write in dark blue or black pen.
You may use a soft pencil for rough working.
Do not use staples, paper clips, highlighters, glue or correction fluid.
DO **NOT** WRITE IN ANY BARCODES.

Answer **all** questions.
All accounting statements are to be presented in good style.
International accounting terms and formats should be used as appropriate.
Workings must be shown.
You may use a calculator.

At the end of the examination, fasten all your work securely together.
The number of marks is given in brackets [ ] at the end of each question or part question.

For Examiner's Use	
1	
2	
3	
Total	

This document consists of **13** printed pages and **3** blank pages.

© UCLES 2012

For Examiner's Use

1 Aziz has been in business for several years, but does not keep proper books of account. He provides you with the following list of balances for the financial year ended 30 June 2011.

	$
Motor vehicles (cost $65 000)	50 000
Fixtures (cost $48 000)	32 000
Trade receivables	18 000
Trade payables	14 000
Accrued expenses	500
Inventory	6 000
Premises at cost	100 000

A summary of his receipts and payments for the year ended 30 June 2012 is as follows:

Receipts	$	Payments	$
Receipts from credit customers	132 900	Payments to credit suppliers	88 600
Sale of old motor vehicle	3 600	Purchase of vehicle	15 000
Cash sales	6 600	Expenses paid	17 400

At 30 June 2012 trade receivables were $20 500 and trade payables were $13 600.

REQUIRED

(a) Calculate the purchase of goods for resale for the year ended 30 June 2012.

.....

.....

.....

.....

.....

.....

.....

..... [3]

(b) Calculate the total sales for the year ended 30 June 2012.

For Examiner's Use

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

..... [5]

Aziz earns a uniform gross profit of 40% on all his sales. Early in June 2012 he had a flood in his premises which damaged some of his stock and made it impossible to sell. He has valued his remaining stock at 30 June 2012 at a selling price of $14 000.

For Examiner's Use

REQUIRED

(c) Calculate the cost of the stock destroyed in the flood.

.....

.....

.....

.....

.....

.....

.....

..... [7]

The vehicle which Aziz sold during the year ended 30 June 2012 had been purchased on 30 September 2009 for $16 000. Aziz depreciates his vehicle at 25% per annum using the straight line method. He charges a full year's depreciation in the year of purchase and none in the year of disposal. He received $5 000 as a trade-in allowance for the new vehicle.

REQUIRED

(d) Calculate the profit or loss on the disposal of the vehicle.

.....

.....

.....

.....

.....

..... [5]

© UCLES 2012

Aziz depreciates his fixtures at 10% per annum using the reducing balance method. He also wants to create a provision for doubtful debts equal to 3% of his trade receivables. At 30 June 2012 he had prepaid expenses of $320.

For Examiner's Use

REQUIRED

(e) Prepare Aziz's income statement for the year ended 30 June 2012.

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

..... [10]

[Total: 30]

2 The PPE Rowing Club prepares its accounts annually on 31 March.

The summary of the Receipts and Payments Account for the year ended 31 March 2012 is shown below.

Receipts	$	Payments	$
Balance b/d	3 000	Competition prizes	3 100
Subscriptions received	84 400	Dinner dance – hire of band	2 400
Competition receipts	12 200	Dinner dance – catering	5 200
Dinner dance ticket sales	14 000	Insurance	9 800
Donations	1 500	Clubhouse maintenance	10 300
Sale of equipment	24 000	Equipment	46 000
		General expenses	30 200
		Electricity	1 600
		Transfer to deposit account	20 000

Additional information

1 The remaining assets and liabilities of the club at the beginning and end of the year were:

	1 April 2011	31 March 2012
	$	$
Clubhouse	150 000	150 000
Equipment	160 000	140 000
General expenses owing	800	400
Subscriptions due and unpaid	2 600	3 100
Subscriptions paid in advance	6 300	4 500
Stock of competition prizes	800	300
Deposit account	-	20 000

2 During the year equipment with a book value of $26 000 was sold for $24 000.

3 Of the subscriptions due on 1 April 2011, $280 remains unpaid. This is to be treated as a bad debt.

4 On 1 October 2011, $20 000 was transferred from the Receipts and Payments Account to a short-term deposit account. This transfer is shown in the summarised Receipts and Payments Account above. Interest of 5% per annum is earned on the deposit account. This interest has not yet been recorded.

© UCLES 2012

REQUIRED

For Examiner's Use

(a) Prepare the subscriptions account for PPE Rowing Club for the year ended 31 March 2012.

[7]

(b) Prepare the income and expenditure account for PPE Rowing Club for the year ended 31 March 2012. Clearly identify the profit or loss on the dinner dance and competitions.

For Examiner's Use

[13]

(c) Prepare the statement of financial position for PPE Rowing Club at 31 March 2012.

For Examiner's Use

[10]

[Total: 30]

For Examiner's Use

3 Cumfycars Ltd produce 3 grades of car seat covers, Basic, Deluxe and Super. Each seat cover is manufactured using a different grade of material.

Sales demand for the year ended 30 April 2013 is forecast to be:

	Basic	Deluxe	Super
Sales demand (units)	4000	2000	500

The following figures are available:

Per Unit	Basic	Deluxe	Super
Sales price	$12	$20	$30
Variable costs	$6	$14	$16
Direct labour hours	3	5	8

Total fixed overhead costs for the year ending 30 April 2013 are estimated to be $39 000.

Fixed overhead costs are absorbed on the basis of direct labour hours.

REQUIRED

(a) (i) Calculate the total direct labour hours required to meet the forecast demand for all 3 products.

.....

.....

.....

..... [2]

(ii) Calculate the estimated fixed overhead recovery rate.

.....

.....

.....

..... [3]

(iii) Calculate the estimated contribution per unit for each product.

.....

.....

.....

.....

..... [3]

For Examiner's Use

(iv) Calculate the estimated contribution per direct labour hour for **each** product.

.....

.....

.....

.....

.....

..... [3]

The human resource manager has warned of a future skill shortage and forecasts that only 24 400 direct labour hours will be available for the year ended 30 April 2013.

(b) Calculate the quantity of each product that should be made in order to maximise total profit if this forecast is correct.

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

..... [4]

For Examiner's Use

(c) **(i)** Prepare a statement showing the **net** profit or loss made by **each** product (Basic, Deluxe and Super) for the year ending 30 April 2013.

[7]

(ii) Using the estimated fixed overhead recovery rate calculated in **(a) (ii)** clearly show any fixed overhead over/under-absorbed.

[3]

Cumfycars Ltd also produce car roof racks in separate premises.

For Examiner's Use

The total forecast fixed costs for the year ending 30 April 2013 amount to $10 000.

Each roof rack has the following unit costs:

Unit costs	$
Raw materials	40
Direct labour	30
Variable Overheads	25

There are no other costs. Each roof rack sells for $100.

REQUIRED

(d) Calculate the estimated break-even point in units **and** in sales revenue.

.....

.....

.....

.....

.....

..... [3]

(e) Calculate the estimated margin of safety in units **and** revenue if 2200 units are produced.

.....

.....

.....

.....

.....

..... [2]

[Total: 30]

© UCLES 2012

BLANK PAGE

BLANK PAGE

BLANK PAGE

Permission to reproduce items where third-party owned material protected by copyright is included has been sought and cleared where possible. Every reasonable effort has been made by the publisher (UCLES) to trace copyright holders, but if any items requiring clearance have unwittingly been included, the publisher will be pleased to make amends at the earliest possible opportunity.

University of Cambridge International Examinations is part of the Cambridge Assessment Group. Cambridge Assessment is the brand name of University of Cambridge Local Examinations Syndicate (UCLES), which is itself a department of the University of Cambridge.