



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

CANDIDATE  
NAME

CENTRE  
NUMBER

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CANDIDATE  
NUMBER

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**ACCOUNTING**

**9706/22**

Paper 2 Structured Questions

**May/June 2011**

**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	
<b>Total</b>	

This document consists of **12** printed pages.



- 1 Marcel owns a wholesale business supplying shops, hotels and restaurants with tea and coffee. He does not keep formal accounting records but is able to supply the following information for the year ended 30 April 2011.

	30 April 2011	1 May 2010
	\$	\$
Trade receivables	17 000	18 200
Trade payables	14 800	16 600
Inventories	20 600	33 000
Wages accrued	9 350	9 200
General expenses prepaid	—	900
General expenses owing	800	—

Transactions during the year ended 30 April 2011 were as follows:

	\$
Cash received from credit customers	103 160
Cash paid to credit suppliers	88 400
Cash sales to staff	10 750
Sales returns from credit customers	9 200
Discounts allowed	9 540
Discounts received	9 000
Bad debts	8 200
Wages	13 650
General expenses	12 300

**REQUIRED**

- (a) (i) Prepare a purchases ledger control account to find out the total amount of credit purchases for the year ended 30 April 2011.

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2 The following information is available for the Northern Division of Blackford Industrial Ltd:

Statement of financial position at 30 April 2011			
	\$000	\$000	\$000
Non-current assets at net book value			180
Current assets			
Inventory		40	
Trade receivables		35	
Bank		<u>43</u>	
		118	
Current liabilities			
Trade payables	55		
Other payables	<u>23</u>		
		<u>78</u>	
Net current assets			<u>40</u>
Capital employed			<u><u>220</u></u>
Equity			
Ordinary share capital – \$1 each			190
Share premium		10	
Retained earnings		<u>20</u>	
			<u>30</u>
Total shareholders' funds			<u><u>220</u></u>
Additional information for year ended 30 April 2011			
		\$000	
Total revenue (sales)		480	
Cash purchases		240	
Cash paid to credit suppliers		60	
Operating expenses		120	
At 30 April 2010, the following balances were reported:			
		\$000	
Inventory		28	
Trade payables		15	

**REQUIRED**

(a) Calculate the following amounts for the year ended 30 April 2011:

(i) cost of sales

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(ii) gross profit and profit for the year (net profit).

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An analysis of the Southern Division of Blackford Industrial Ltd for the year ended 30 April 2011 yielded the following results.

Southern Division

- 1 Mark-up 40%
- 2 Gross profit percentage 28.57%
- 3 Expenses to sales 20%
- 4 Net profit percentage 8.57%
- 5 Return on capital employed 18.00%
- 6 Rate of inventory (stock) turnover 8.95 times
- 7 Liquid ratio (acid test) 1.1:1

**REQUIRED**

Northern Division

(b) Calculate **each** of the same ratios for the Northern Division of Blackford Industrial Ltd, for the year ended 30 April 2011. The calculations should be correct to **two** decimal places.

(i) Mark-up

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(ii) Gross profit percentage

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**(iii)** Expenses to sales

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**(iv)** Net profit percentage

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**(v)** Return on capital employed

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**(vi)** Rate of inventory (stock) turnover

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**(vii)** Liquid ratio (acid test)

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3 Ventana Ltd produce three different types of slatted wooden blinds, Pine, Teak and Oak. The company's forecast figures for the year ended 30 April 2012 were:

	Pine \$	Teak \$	Oak \$
Selling price (per unit)	61	158	170
Costs (per unit)			
Direct material	30	60	80
Direct labour	15	46	24
Variable overhead	6	12	16

Fixed overhead is absorbed on the basis of 50% of direct material cost.

Annual production and sales are forecast to be:

Pine	2000 units
Teak	1600 units
Oak	1000 units

**REQUIRED**

(a) For the year ended 30 April 2012:

(i) Prepare a statement to show the contribution per unit for **each** product.

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(ii) Calculate the total forecast fixed cost for the year.

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