

UNIVERSITY OF CAMBRIDGE INTERNATIONAL EXAMINATIONS General Certificate of Education

Advanced Subsidiary Level and Advanced Level

CANDIDATE NAME					
CENTRE NUMBER			CANDIDATE NUMBER		



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.

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1	
2	
3	
Total	

This document consists of 12 printed pages.

UNIVERSITY of **CAMBRIDGE**

International Examinations

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.

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	30 April 2011 \$	1 May 2010 \$
Trade receivables	17 000	18200
Trade payables	14800	16600
Inventories	20600	33 000
Wages accrued	9350	9200
General expenses prepaid	_	900
General expenses owing	800	_

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

	Ф
Cash received from credit customers	103 160
Cash paid to credit suppliers	88 400
Cash sales to staff	10750
Sales returns from credit customers	9200
Discounts allowed	9540
Discounts received	9000
Bad debts	8200
Wages	13650
General expenses	12300

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.
		[5]

(ii)	Prepare a sales ledger control account to find out the amount of credit sales for the year ended 30 April 2011.	For Examiner's Use
	[7]	

Additional information:

- 1 The normal gross profit to sales margin is 33.33%.
- 2 Staff are permitted to buy goods at cost plus 25%.
- 3 Goods sold in the annual clearance sale, \$29700, were sold at cost price.
- 4 On 8 March 2011 an unknown quantity of goods was destroyed by fire.

REQUIRED

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(b)	There were no further losses of goods during the year. Starting with the opening inventory, calculate the value of the goods destroyed by the fire on 8 March 2011.
	[11]

(c)	Prepare the income statement (trading account only) for the year ended 30 April 2011.
	[7]
	[Total: 30]

2

The following information is available for the Northern	Division of B	lackford I	ndustrial Ltd:
Statement of financial position at 3		I \$000	\$000
Non-current assets at net book value			180
Current assets Inventory Trade receivables Bank		40 35 <u>43</u> 118	
Current liabilities Trade payables Other payables Net current assets	55 <u>23</u>	<u>78</u>	<u>40</u>
Capital employed			<u>220</u>
Equity Ordinary share capital – \$1 each Share premium Retained earnings		10 20	190 _ <u>30</u>
Total shareholders' funds			<u>220</u>
Additional information for year ended 30 April 2011 Total revenue (sales) Cash purchases Cash paid to credit suppliers Operating expenses		\$000 480 240 60 120	
At 30 April 2010, the following balances were reported Inventory Trade payables	l: :	\$000 28 15	
REQUIRED			
(a) Calculate the following amounts for the year ende	ed 30 April 20)11:	
(i) cost of sales			
			[4]

	(ii)	gross profit and profit for the year (net profit).
		[2]
	•	sis of the Southern Division of Blackford Industrial Ltd for the year ended 30 April ded the following results.
Sou	therr	Division
	1 2 3 4 5 6 7	Mark-up 40% Gross profit percentage 28.57% Expenses to sales 20% Net profit percentage 8.57% Return on capital employed 18.00% Rate of inventory (stock) turnover 8.95 times Liquid ratio (acid test) 1.1:1
REG	QUIR	ED
Nor	thern	Division
(b)		culate each of the same ratios for the Northern Division of Blackford Industrial Ltd, he year ended 30 April 2011. The calculations should be correct to two decimal es.
	(i)	Mark-up
		[2]
	(ii)	Gross profit percentage
		[2]

(iii)	Expenses to sales
	[2]
(iv)	Net profit percentage
	[2]
(v)	Return on capital employed
	[2]
(vi)	Rate of inventory (stock) turnover
	[2]
(vii)	Liquid ratio (acid test)
	[2]

[Total: 30]

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.	
		[3]	
	(ii)	Calculate the total forecast fixed cost for the year.	

•	and dollars.	
repa ade	are a statement, using the contribution per unit, to show the total profit or lose by each type of blind for the year.	
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One of the directors wishes to stop production of the pine blinds.

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This would increase the total forecast fixed costs by 25%. However, the director estimates that sales of the teak and the oak blinds would increase by 50%.

REQUIRED

(c)	Prepare a detailed marginal cost statement, using the contribution per unit, to show the effect on total profit of stopping production of the pine blinds.				
	[10]				

[Total: 30]

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