



UNIVERSITY OF CAMBRIDGE INTERNATIONAL EXAMINATIONS
Advanced Subsidiary Level and Advanced Level

CANDIDATE
NAME

CENTRE
NUMBER

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CANDIDATE
NUMBER

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ACCOUNTING

9706/21

Paper 2 Structured Questions

October/November 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	
Total	

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



- 1 Iqbal runs a small trading business which has been in operation for several years. Iqbal pays all sales receipts into the business bank account. The following is a summary of the bank account for the year ended 31 March 2011.

Bank account summary for the year ended 31 March 2011

	\$		\$
Balance b/d	4 650	Trade payables	37 000
Trade receivables	85 000	Motor expenses	4 100
Cash sales	24 000	Rent	6 000
Capital	36 000	Rates	2 200
Loan	14 000	Wages	43 000
		Fixtures and fittings	40 000

Additional information

- 1 Discounts received from suppliers during the year ended 31 March 2011 were \$500.
- 2 Iqbal allowed his customers discounts of \$1400 during the year ended 31 March 2011.
- 3 Iqbal had taken goods at a cost price of \$2400 for his personal use.
- 4 The loan was received on 1 October 2010 and interest is payable at 10% per annum.
- 5 The loan is due to be repaid in five years' time.
- 6 Iqbal has decided to create a provision for doubtful debts of 3% of the trade receivables outstanding at 31 March 2011.
- 7 Included in the wages figure in the bank account summary are Iqbal's drawings of \$25 000.

The remaining assets and liabilities of Iqbal were:

	1 April 2010	31 March 2011
	\$	\$
Inventory at cost	8 000	9 200
Fixtures and fittings (Net Book Value)	36 000	68 000
Delivery van (Net Book Value)	10 000	7 500
Trade receivables	7 200	8 300
Trade payables	3 400	3 700
Motor expenses owing	300	–
Rent prepaid	400	600
Rates owing	200	–
Rates prepaid	–	300

(b) Prepare the following ledger accounts for the year ended 31 December 2010, showing the closing entry to the final accounts at the end of the year.

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(i) Provision for doubtful debts account

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..... [3]

(ii) Bad debts account

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.....
..... [5]

(iii) Harvey account

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..... [3]

(iii) Explain why this change might be necessary.

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..... [4]

(e) State **three** factors that the directors should consider when creating a provision for doubtful debts.

(i)
.....
(ii)
.....
(iii)
..... [3]

[Total 30]

(d) Calculate the selling price per unit.

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.....
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..... [3]

(e) Calculate the number of units Tattersall Limited has to produce and sell in each period to break-even.

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..... [4]

(f) State **two** limitations of break-even analysis.

(i)
.....
(ii)
..... [2]

[Total 30]

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