



UNIVERSITY OF CAMBRIDGE INTERNATIONAL EXAMINATIONS General Certificate of Education

Advanced Subsidiary Level and Advanced Level

CANDIDATE NAME						
CENTRE NUMBER				NDIDATE MBER		

ACCOUNTING 9706/22

Paper 2 Structured Questions

October/November 2009

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.

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 Exam	iner's Use
1	
2	
3	
Total	

This document consists of 14 printed pages and 2 blank pages.



		7	m.	
	2	Ì	2.0	
Th	ne following is a summary of Harry's balance sheet at 30 April 2	2008.	ADC.	For
Δα	ssets	\$000	\$000	nonida ners
	xed assets Furniture and equipment at net book value		208	For iner's
	urrent assets Stock Debtors Cash otal assets	1500 610 <u>6</u>	<u>2116</u> 2324	
	quity and liabilities		<u> 2027</u>	
Ed	quity wner's capital		1096	
Cı	urrent liabilities Creditors for supplies Creditors for expenses Bank overdraft	920 98 <u>210</u>	<u>1228</u> 2324	
Tŀ	ne following information is available for the year ended 30 A	April 2009:	\$000	
1	Amount paid into bank (This included \$50 000 from the sale of furniture and equipment which had a net book value of \$48 000.)	ent	2950	
2	Cash from Harry's sales was used to pay for the following: Expenses Drawings		152 70	
3	Amounts paid from the bank: Purchases Interest on overdraft Expenses		1750 30 810	
4	Balances at 30 April 2009: Creditors for supplies Creditors for expenses Debtors Stock Cash		510 90 400 720 5	
5	During the year, Harry brought into the business a motor vehic	cle.	12	
6	A provision for doubtful debts of 4% of debtors is to be made			

- 6 A provision for doubtful debts of 4% of debtors is to be made.
- 7 Depreciation on all fixed assets was to be provided for at 25% using the reducing (diminishing) balance method. Full depreciation would be provided for in the year in which an asset was introduced but none would be applied in the year of disposal.

REQUIRED

www.PapaCambridge.com (a) Explain, briefly, the difference between a liability and a provision. (b) Calculate, showing all workings, the total sales for the year ended 30 April 2009.

(c)	Calculate, showing all workings, Harry's bank balance at 30 April 2009.
	[3]

For iner's

(d)	Prepare Harry's 30 April 2009.	trading a	ınd profit	and	loss	account	for	the	year	ende	aCal.
			••••••••								
			•••••••								
			••••••						••••••		
							••••••	•••••			
		•••••				•••••••••					
		•••••••									
											[12]

(e)	Prepare Harry's balance sheet at 30 April 2009. Use a layout similar to the balance sheet at the beginning of the question.
	[8]

[Total: 30]

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Question 2 is on the following page.

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2 Alex's fixed asset accounts and provision for depreciation on fixed asset accounts year ended 30 April 2008 were as follows:

www.PapaCambridge.com Furniture and equipment account \$000 2007 2007 1 May 2 700 5 July Balance b/d Disposal 3 June Bank 720 2008 30 April Balance c/d 2 970 3 420 3 420 2008 Balance b/d 1 May 2 9 7 0 Provision for depreciation on furniture and equipment account \$000 \$000 2007 2007 5 July Disposal 345 Balance b/d 1 May 945 2008 2008 30 April Balance c/d 897 30 April Profit & loss 242 Balance b/d 1 May 897 Motor vehicles account \$000 \$000 2007 2007 1 May Balance b/d 1 560 3 Oct Disposal 330 3 Oct Bank 570 2008 30 April Balance c/d 1 800 2 130 2 130 2008 1 May Balance b/d 1 800 Provision for depreciation on motor vehicles account \$000 \$000 2007 2007 3 Oct Disposal 285 1 May Balance b/d 675 2008 2008 30 April Balance c/d 30 April Profit & loss 840 450 125 1 May Balance b/d 840

ALTERNATIVE PRESENTATION USING RUNNING BALANCE

,			
Furniture	and	eguinmer	nt account
i aiiiiiai o	alla	Oquipinoi	it account

		Dr	Cr	Balance
2007		\$000	\$000	\$000
1 May	Balance b/d			2 700 Dr
3 June	Bank	720		3 420
5 July	Disposal		450	2 970

Provision for depreciation on furniture and equipment account

	·	Dr	Cr	Balance
2007		\$000	\$000	\$000
1 May 5 July 2008	Balance b/d Disposal	345		945 Cr 600
30 April	Profit and loss		297	897
2007	Motor v	ehicles acco Dr	Cr	Balance
2007		\$000	\$000	\$000
1 May 3 Oct	Balance b/d Disposal Bank	570	330	1 560 Dr 1 230 1 800
_	Provision for depresion			

Provision for depreciation on motor vehicles account

		Dr	Cr	Balance
2007		\$000	\$000	\$000
1 May	Balance b/d			675 Cr
3 Oct	Disposal	285		390
2008				
30 Apr	Profit and loss		450	840

During the year ended 30 April 2009 the following transactions took place:

- On 1 June 2008 new equipment was purchased for \$540 000.
 On 3 December 2008 new furniture was purchased for \$80 000.
 On 3 September 2008 equipment which had been purchased on 31 March 2006 for \$300 000 was sold for \$132 000.
- 2 On 1 February 2009 three new motor vehicles were purchased for \$80 000 each. On the same date a vehicle which had cost \$56 000 on 15 May 2005 was sold for \$20 000.

A full year's depreciation is provided for on all fixed assets in use at the end of the financial year but none is provided for in the year of disposal of a fixed asset.

The rates of depreciation applied on cost for the year ended 30 April 2008 continue to be applied for the year ended 30 April 2009.

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REQUIRED

(a) Prepare the following accounts for the year ended 30 April 2009:

	The state of the s
	Pare the following accounts for the year ended 30 April 2009: Furniture and equipment
QUII	RED
Pre	epare the following accounts for the year ended 30 April 2009:
(i)	Furniture and equipment
	[5]
(ii)	Motor vehicles
	[4]
(iii)	Provision for depreciation on furniture and equipment
	[4]

	*
	11 Provision for depreciation on motor vehicles
iv)	Provision for depreciation on motor vehicles
	[4]
(v)	Disposal of furniture and equipment
	[4]
/i)	Disposal of motor vehicles.
	[4]

(b)	Explain the term 'depreciation' and give one example.
	[5]
	[Total: 30]

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Question 3 is on the following page.

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www.PapaCambridge.com 3 Cariokae Ltd is a specialist manufacturer of steel rods for use in the construction in The company has three different machines each of which is capable of producing the When a company receives a new order it has to decide which of the three machines to use

Data regarding the machines is as follows:

MACHINE	Α	В	С
Set-up costs per order	\$200	\$330	\$600
Number of rods produced per machine-hour	100	150	200
Number of machine operators	4	5	6

Variable factory overhead for each machine is \$12 per direct labour hour. Direct material needed to produce 100 rods is \$300, whichever machine is selected. Machine operators are paid \$10.50 per hour.

REQUIRED

- (a) Order P235 has been received for 3000 rods.
 - (i) Calculate the costs of producing order P235 on each machine.

	1	MACHINE	
DATA FOR ORDER P235	Α	В	С
Order quantity			
Production rates per hour			
Operating hours			
Number of operators			
Direct labour hours worked			
COSTS FOR P235	\$	\$	\$
Direct materials			
Direct labour			
Variable overheads			
Set up costs			
Total costs			
	·		

[13]

(ii)	Advise the production manager which machine to use for order P235 to microsts.	For iner's
	[1]	S.COM
It has be	een suggested that by adding one additional operator to each machine,	
1	there would be an efficiency saving of 10% on direct materials and	
2	the rate of production would increase by 20%.	

REQUIRED

(b) Assuming that the additional operator is employed on **each** machine, re-calculate your answer for order P235.

Data for order P235		MACHINE	
	A	В	С

[12]

(c)	(i)	State how your advice to the production manager should differ if the adoperator is employed.
		[2]
	(ii)	State whether the additional operator should be retained for each machine.
		Explain your reasoning.
		[2]
		[Total: 30]

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