

	UNIVERSITY OF CAMBRIDGE INTERNATIONAL EXAMINATIONS General Certificate of Education Advanced Subsidiary Level and Advanced Level
CANDIDATE NAME	
CENTRE NUMBER	CANDIDATE NUMBER
	0700/04

ACCOUNTING

Paper 2 Structured Questions

9706/21 May/June 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 12 printed pages.

Alana owns and manages a shop with three separate departments selling food, 1 and toys. The following trial balance is available for the year ended 30 April 2012.

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		The second	
2		A.	
Alana owns and manages a shop with three separa	ite denartments s	elling food	
and toys. The following trial balance is available for) April 2012.	MA.
, .	\$ 000	elling food, o April 2012. \$ 000	orig
Inventory at 1 May 2011:			Sec.
Food	10		213
Clothing	12		
Toys	31		
Purchases and sales			
Food	67	250	
Clothing	50	150	
Toys	57	100	
Sales staff wages	80		
Advertising	8		
Heat and light	30		
Insurance	5		
Fixtures and fittings at cost	120		
Provision for depreciation, fixtures and fittings		12	
Property	200		
Trade receivables	95		
Bank	55		
Trade payables		40	
Capital		<u>268</u>	
•	820	820	

Additional information:

1	Inventory at 30 April 2012:	\$
	Food	17 000
	Clothing	12 000
	Toys	43 000

- 2 The shop has 2 floors with the food department on the ground floor and both the clothing and toys departments taking up equal floor space on the floor above.
- 3 At 30 April 2012:
 - an invoice for advertising amounting to \$2000 remained unpaid; •
 - \$6000 had been paid in advance for heating and lighting.
- 4 Expenses are apportioned between departments as follows:

Apportioned on the basis of sales income:

sales staff wages; advertising.

Apportioned on the basis of floor area:

- heat and light; insurance; depreciation.
- 5 Straight line depreciation is charged on fixtures and fittings at 10% per annum.

REQUIRED

ril 2012.	,	- p		tatement fo		
	d Dept \$000	Clothir \$000	ng Dept \$000	Toys \$000	bor the year Dept \$000	
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		12 Marsh		
		4		
(b)	Exp Alai	4 lain how the preparation of a departmental income statement might assisted in managing the business.	aCambrio	For miner's
				e.c.
				13
			[6]	
(c)		na's accountant values some inventory at cost of purchase and some at realisable value.		
	Exp	lain these terms to Alana:		
	(i)	cost of purchase		
			[3]	
	(ii)	net realisable value.		
			[3]	
		[Total:	30]	

2 Jackie and Kim are in partnership sharing profits and losses in the ratio of 3:2. The statement of financial position was provided on 30 April 2012.

Statement of Financial Position at 30 April 2012

	5	4	f 3:2. The and Can	
Jackie and Kim are in partnership sh statement of financial position was pro-			f 3:2. The Daca	24
	ancial Position at 30			origo
	\$	\$	\$	C.C.
Non-current assets at net book va Premises Fixtures and fittings	lue		120 000 <u>72 000</u> 192 000	12
Current assets Inventory Trade receivables Bank	30 000 20 000 <u>16 000</u>	66 000		
Current liabilities Trade payables Wages accrued	12 000 <u>1 000</u>	13 000		
Net current assets Net assets			<u>53 000</u> 245 000	
Capital accounts Jackie Kim		141 000 <u>94 000</u>	235 000	
Current accounts Jackie Kim		6 000 <u>4 000</u>	<u>10 000</u> 245 000	

Maura is a long-term employee of the partnership. Her current annual salary is \$16 500.

She recently inherited a sum of \$60000 and is considering an invitation from Jackie and Kim to invest \$50000 in the business in return for becoming a partner on 1 May 2012.

If she agrees, the following terms would apply:

- 1 Maura is to be paid a partnership salary of \$11 000 per year.
- 2 All partners are to receive interest on capital of 3% per year.
- 3 All partners are permitted to withdraw up to \$10 000 per year.
- 4 All partners are to pay interest on annual drawings at 5% per year.
- Maura is to receive a 10% residual share of profits and losses. The remaining profit or 5 loss is to be divided between the other partners in ratio to their capital.
- 6 Jackie and Kim will withdraw the full amount available to them while Maura will withdraw \$5 500.

The profit for the year ended 30 April 2013 is forecast to be \$121 000.

	4	
	6	
REQ	UIRED	For miner's
(a)	6 UIRED Prepare an estimated profit and loss appropriation account for the year ended 30 April 2013, assuming Maura accepts the invitation to join the partnership.	idge.c
		913
	[11]	

	12		
	7		
(b)	7 Prepare Maura's current account for the year ended 30 April 2013.	an	For hiner's
			Tidge
			Com
		[6]	
		[5]	
(c)	Instead of investing in the partnership Maura could bank her \$50 000 at an annual interest rate of 5%.		
	Using appropriate figures calculated in (a) and (b) , advise Maura whether or not to accept the offer of a partnership.		
		[6]	
		Γο]	

	8	MANA Papa	
Jackie and Kim provided the following acc	ounting ratios:	·Ce	For miner's
	Year ended 30 April 2011	Year ended 30 April 2012	miner's
Percentage of gross profit to sales	21%	24%	COM
Percentage of net profit to sales	10%	11%	

REQUIRED

Suggest **two** reasons for the change in the percentage of gross profit to sales. (d)

	1		
	2		
			[4]
(e)	Sug	gest two reasons for the change in the percentage of net profit to sales.	
	1		
	2		
			[4]

[Total: 30]

3 Blue Skies Ltd manufactures three types of tent: Beach, Explorer and Family.

	9		Family.	
Blue Skies Ltd manufactures t	hree types of tent:	Beach, Explorer and	Family.	For
The company provides the foll	owing forecast dat	ta for the year ending	30 April 2013:	For iner's
	Beach	Explorer	Family	°.c.
Forecast demand (units)	30 000	40 000	24 000	17
Per Unit	\$	\$	\$	
Selling price	70	130	200	· · · · · ·
Raw materials	30	36	54	
Direct labour	8	20	38	
Variable overhead	6	26	48	

The same waterproof material is used in the manufacture of each tent.

The cost of material is estimated to be \$6 per square metre.

Fixed costs for the year ending 30 April 2013 are estimated to be \$3 500 000.

REQUIRED

(a) (i) Calculate the unit contribution for each product.

 [5]

	10		
(ii)	10 Calculate the total contribution and profit for the year based on foreca	Cambril	For miner's
			9e.c.
			917
		[5]	

There is only one supplier capable of producing waterproof tent material of the required quality.

They have informed Blue Skies Ltd that the maximum amount they can supply in the year will be 546000 square metres.

REQUIRED

(b) Calculate the contribution per square metre for each product produced.

[3]

124	
11 × 20	
11 Using the quantity of material that is available for production, calculate number of each type of tent that should be produced so that total profit is maximised.	Can
	[7]
	[']
Using the quantity of material that is available, prepare a marginal cost profit statement.	
Clearly show the contribution made by each type of tent and the total profit made in the year.	
	[5]

The directors determine that at least 27 000 units of the Beach tent have to (e) produced in the coming year.

4242
12
12 The directors determine that at least 27 000 units of the Beach tent have to produced in the coming year. Prepare a revised marginal cost statement to show the contribution made by each type of tent and total profit made in the year.
Prepare a revised marginal cost statement to show the contribution made by each type of tent and total profit made in the year.
[5]
[Total: 30]

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