



## UNIVERSITY OF CAMBRIDGE INTERNATIONAL EXAMINATIONS

General Certificate of Education

Advanced Subsidiary Level and Advanced Level

CANDIDATE NAME													
CENTRE NUMBER								AND UMB	IDAT SER	E			_



ACCOUNTING 9706/21

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 11 printed pages and 1 blank page.





1 Henry and Robin are in partnership with capitals of \$120,000 and \$80,000 respectively.

On 1 June 2010 Henry had a debit balance on his current account of \$6600 and Robin had a credit balance on his current account of \$1000.

On 31 May 2011 Henry had a credit balance on his current account of \$10400.

The partnership agreement stated:

- 1 Interest on capital is payable at 8% per annum.
- 2 The maximum drawings permitted in any one year is 10% of capital invested.
- 3 Interest on drawings is charged at 5% on total drawings for the year.
- 4 Annual partnership salaries were Henry: \$5000 and Robin: \$4000.
- 5 Profits and losses are to be shared in the ratio of capital invested.

Both partners withdrew the maximum amount permitted during the year.

## **REQUIRED**

(a)	Prepare the current account of each partner for the year ended 31 May 2011.
	[14]

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1 May 2011					
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2 The Welcome Cricket Club has the following assets and liabilities.

	30 April 2011	1 May 2010
	\$	\$
Equipment (at cost)	104000	40000
Equipment – depreciation provision	14400	4000
Caf inventory	4800	6500
Cash at bank	?	12800
Subscriptions outstanding	3600	2200
Subscriptions paid in advance	3500	5000
Caf staff wages accrued	4000	500
Loan from cricket association	20000	_
Loan interest	?	_

The receipts and payments for the year ended 30 April 2011 are:

\$
90000
34000
20000
450
14560
\$
64 000
64 000 21 000
21000

## Additional information:

- 1 Wages are a direct cost of the caf and are charged to the trading account.
- 2 The rent and heating and lighting are apportioned 40% to the caf and 60% to the rest of the club.
- 3 The loan from the cricket association was received on 1 November 2010. Interest is payable at 10% per year.
- 4 Depreciation is charged to the income and expenditure account.

## Gui

## **REQUIRED**

(a)	Prepare the caf income statement to show the gross profit and the profit for the year (net profit) made by the caf during the year ended 30 April 2011.
	[8]

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(b)	Prepare the income and expenditure account of the Welcome Cricket Club for the year ended 30 April 2011.
	[14]

(c)



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Prepare the balance sheet of the Welcome Cricket Club at 30 April 2011.	
	•••••
	[8]

[Total: 30]



3 Largos Ltd produces three types of security camera – Ojo 1, Ojo 2 and Ojo 3.

The following forecast data is available for the year ended 30 June 2012.

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	Ojo 1	Ojo 2	Ojo 3
Forecast demand (units)	1 000	700	400
Selling price (per unit) Costs (per unit)	\$400	\$450	\$550
Raw materials	\$150	\$170	\$241
Direct labour	\$100	\$150	\$175
Variable overheads	\$50	\$60	\$70
Fixed overheads	\$50	\$60	\$60

Labour is highly skilled and may be used to produce any of the three types of security camera.

## **REQUIRED**

Prepare a statement to show the forecast contribution and profit or loss made by unit of each type of camera produced.



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Largos Ltd also operates a factory which manufactures and sells underwater cameras.

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The following details **per unit** are available for the quarter ended 30 April 2011.

	\$
Sales price	700
Variable costs	400
Fixed production overhead	100

Fixed production overhead is absorbed on forecast production of 40 cameras per month.

Actual production and sales (units)

	February	March	April
Sales	30	40	45
Inventory at start of month	10	0	5
Inventory at end of month	0	5	10

## **REQUIRED**

(d)

Prepare an income statement to show the profit or loss in <b>each</b> month using marginal costing.
[8]

(e)



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Prepare an income statement to show the profit or loss in <b>each</b> month using absorptic costing.	n
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[Total: 30]

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