



UNIVERSITY OF CAMBRIDGE INTERNATIONAL EXAMINATIONS  
 General Certificate of Education  
 Advanced Subsidiary Level and Advanced Level

CANDIDATE  
 NAME

CENTRE  
 NUMBER

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CANDIDATE  
 NUMBER

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**ACCOUNTING**

**9706/23**

Paper 2 Structured Questions

**October/November 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	
<b>Total</b>	

This document consists of **13** printed pages and **3** blank pages.

- 1 On 31 March 2012 the following balances were extracted from the books of YCAT.

		\$
Inventory – 1 April 2011	Raw materials	53 000
	Work in progress	80 000
	Finished goods	76 000
Raw materials purchased		800 000
Revenue		2 500 000
Direct wages		450 000
Carriage inwards on raw materials		6 000
Indirect wages		68 000
Returns outwards on raw materials		18 500
Trade receivables		83 000
Revenue returns		22 000
Rates and insurance		38 000
General factory overheads		93 000
Loan interest paid		5 000
Office salaries		80 000
General office expenses		100 000
Premises		600 000
Factory machinery at cost		220 000
Provision for depreciation of factory machinery		40 000
10% Long term loan		100 000
Provision for doubtful debts		3 800

### Additional information

- |   |                           | \$     |
|---|---------------------------|--------|
| 1 | Inventory – 31 March 2012 |        |
|   | Raw materials             | 47 000 |
|   | Work in progress          | 92 000 |
|   | Finished goods            | 68 000 |
- 2 The provision for doubtful debts is to be 5% of trade receivables.
  - 3 At 31 March 2012 rates and insurance owing amounted to \$950. Rates and insurance are apportioned between the factory and general office in the ratio of 4:1 respectively.
  - 4 Depreciation is to be provided on premises at 5% per annum straight line. This is apportioned between the factory and general office in the ratio of 4:1 respectively.
  - 5 Depreciation on factory machinery is to be provided at 15% using the reducing balance method.

















- (d) The partners are now considering changing their business from a partnership to a limited company. Explain to the partners the meaning of the term 'limited liability'.

*For  
Examiner's  
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[3]

**[Total: 30]**

3 ABG Ltd manufactures three products, Alpha, Beta and Gamma, all of which are made from one basic raw material.

Forecast costs and selling prices are as follows.

Product	Alpha	Beta	Gamma
Sales <b>per month</b> (units)	9 000	12 000	7 000
	\$	\$	\$
Selling price per unit	72	74	58
Variable costs per unit:			
Direct material	18	25	16
Direct labour	19	14	13
Variable overheads	14	13	12

The total fixed costs are \$250 000 each month.

**REQUIRED**

(a) Calculate the contribution per unit for **each** product.

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[3]



(d) ABG Ltd has received an enquiry for an additional order of 3000 units of Gamma at a special price of \$50 per unit. Additional fixed costs of \$15 000 would be incurred.

Assuming no material shortage, calculate the profit or loss on this order.

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[4]

(e) Identify **three** factors which ABG Ltd should consider when deciding whether to accept this additional order for Gamma.

1 .....  
..... [2]  
2 .....  
..... [2]  
3 .....  
..... [2]

[Total: 30]

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