

CANDIDATE  
NAME

CENTRE  
NUMBER

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CANDIDATE  
NUMBER

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## ACCOUNTING

**9706/23**

## Paper 2 Structured Questions

October/November 2014

**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 an HB pencil for rough working.

Do not use staples, paper clips, 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.

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

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**Additional information**

	\$
Trade receivables at 1 July 2013	3766
Trade receivables at 30 June 2014	2863
Bad debts written off during the year ended 30 June 2014	1648

**REQUIRED**

(b) Calculate Asif's revenue figure for the year ended 30 June 2014.

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..... [5]

**Additional information**

- 1 The vehicle which had been sold was purchased in May 2012 for \$6200. Asif's policy is to depreciate the vehicles at 50% per annum using the reducing balance method. A full year's depreciation is charged in the year of acquisition. No depreciation is charged in the year of disposal.
- 2 At 30 June 2014 driver's wages of \$200 were owing and garage rent of \$400 was prepaid.

**Question 1(c) is on the next page.**

[12]

**Additional information**

Asif is considering introducing a system of credit control.

**REQUIRED**

(d) Explain the benefits this may bring to the business.

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..... [4]

(e) State **two** ratios that Asif could use to measure the profitability of his business.

1 .....

2 ..... [2]

**[Total: 30]**

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[8]

**(b)** Calculate, stating the formula used, the following ratios correct to **two** decimal places.

[4]

### Additional information

Ratio	2012	2013
Current	2.0:1	2.30:1
Liquid (acid test)	1.40:1	1.0:1

**(c)** Evaluate the change in Lance's liquidity position over the three years.

[8]

Lance has provided the following forecast for December 2014:

- © UCLES 2014



**REQUIRED**

(d) Complete the following cash budget for December 2014.

Lance  
Cash budget for December 2014

	\$
Receipts	
Payments	
Net cash flow	
Opening balance	
Closing balance	

[10]

**[Total: 30]**

- 3 KC Global Limited provides the following budgeted information.

	January 2015	February 2015
Production	10 000 units	10 000 units
Sales	7 000 units	13 000 units
Production costs per unit:		
Direct materials	\$4.50	\$4.50
Direct labour	\$6.00	\$6.00
Variable overheads	\$2.50	\$2.50

### Additional information

- The budgeted selling price per unit is \$17.
- Budgeted production for the year is 120 000 units spread equally over the year.
- There is no opening inventory at 1 January 2015.
- Annual fixed overheads are budgeted to be \$324 000.
- Fixed overheads are absorbed on a unit basis.

### REQUIRED

- (a) Calculate the monthly breakeven point in units.

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..... [2]

- (b) Prepare forecast profit statements for January and February 2015 using absorption costing.

	January 2015 \$	February 2015 \$

[4]

- (c) Prepare forecast profit statements for January and February 2015 using marginal costing.

	January 2015 \$	February 2015 \$

[4]

- (d) Prepare a reconciliation statement showing the difference between the absorption costing profit and the marginal costing profit for January and February 2015.

	January 2015 \$	February 2015 \$
Absorption costing profit		
Marginal costing profit		

[4]

- [4]

## REQUIRED

- [5]

(g) State **three** situations where marginal costing would help in making a short term

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

(h) Evaluate the limitations of marginal costing.

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..... [4]

[Total: 30]





