

Candidate Name _____

Centre Number

Candidate

Number

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

ACCOUNTING
PAPER 2 Structured Questions

9706/2

MAY/JUNE SESSION 2002

1 hour 30 minutes

Candidates answer on the question paper.
No additional materials are required.

TIME 1 hour 30 minutes

INSTRUCTIONS TO CANDIDATES

Write your name, Centre number and candidate number in the spaces at the top of this page.

Answer **all** questions.

Write your answers in the spaces provided on the question paper. If you require extra space for your answers or workings, use pages 15 and 16.

INFORMATION FOR CANDIDATES

The number of marks is given in brackets [] at the end of each question or part question.

You may use a calculator.

FOR EXAMINER'S USE

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TOTAL	

This question paper consists of 14 printed pages and 2 lined pages.



- 1 The Happy Elephant Warehousing Company Ltd is an old family-run business which is expanding its operations and has therefore purchased premises to add to its existing rented warehouses.
The following figures are end of the year balances.

	Years ended 31 August		
	1999	2000	2001
	\$000	\$000	\$000
Fittings at cost	33	40	173
Provision for depreciation on fittings	10	14	31
Depreciation for the year on fittings	3	4	7
Net sales	450	510	640
Cost of sales	350	423	577
Trade debtors	18	25	21
Trade creditors	36	47	73
Long term loan (from 1 June 2001)	–	–	68
Cash at bank	51	45	–
Bank overdraft	–	–	52
Stock	44	49	107
Rent paid	10	11	12
General expenditure	53	60	66
Loan interest due and paid	–	–	5
Share capital	60	60	80
Proposed dividends	14	14	–

Profit and Loss Account balance of \$6000 (Cr) was brought forward on 1 September 1998.

- (a) Prepare, in columnar format, the Profit and Loss and Appropriation Accounts for each of the three years ended 31 August 1999, 2000 and 2001.

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2 Janice Jersey’s first 6 months of trading showed the following purchases and sales of stock:

1990	Purchases	Sales
January	280 @ \$65 each	
February		140 @ \$82 each
March	100 @ \$69 each	
April		190 @ \$85 each
May	220 @ \$72 each	
June		200 @ \$90 each

Calculate Janice’s profit for the 6 months ended 30 June 1990 using the following methods of stock valuation:

(a) FIFO (First In First Out)

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(f) Janice achieved her decrease in expenses by altering her method of depreciation.

Comment on this change.

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(c) Calculate the contribution to be made for order number 123/P to make a profit of 25% on total cost, using each machine.

(i) Machine X

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(ii) Machine Y

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