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9706/21

May/June 2013

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.

This document consists of **14** printed pages and **2** blank pages.

- 1 The Klassik Music Society produced the following receipts and payments summary for the year ended 31 March 2013.

Receipts	\$
Subscriptions	30 000
Sales of food and drink	50 000
Bank loan	30 000
Income from concerts	116 800
Sale of surplus equipment	30 000

Payments	
Balance, 1 April 2012	12 000
Purchase of new equipment	10 000
Hire of hall for concerts	27 000
Printing	14 000
Equipment maintenance and repairs	8 000
Purchases of food and drink	23 000
Salaries	45 000
Cost of concerts	83 500
Sundry expenses	760
Sponsorship	1 000
Balance, 31 March 2013	?

Additional information:

	31 March 2012	31 March 2013
	\$	\$
1 Salaries in arrears	2 800	1 600
Subscriptions owing	1 600	2 600
Subscriptions prepaid	1 000	400
Printing accrued	2 600	2 800
Equipment (cost \$200 000), at NBV	160 000	?
Food and drink inventory	15 400	13 200

- 2 The bank loan was received on 1 July 2012. Interest is charged at 12% per annum. No interest had been paid by the year end.
- 3 The equipment sold was purchased on 1 June 2011 and had a NBV of \$32 000.
- 4 Depreciation is provided at 20% on cost for equipment in use at the year end.

(a) Prepare the trading section of the income statement for the year ended 31 March 2013.

[2]

- [2]

- [4]

- [12]

[10]

[10]

[Total: 30]

- 2 Bach runs a manufacturing business. An extract from his statement of financial position at 1 January 2012 is shown below:

Non-current assets	Cost \$	Accumulated depreciation \$	Net book value \$
Factory premises	220 000	26 400	193 600
Machinery	138 600	52 200	86 400

During 2012 the following transactions took place for machinery.

Disposals

Date	Machinery reference	Year of purchase	Initial cost \$	Disposal proceeds \$
26 March	M12	2009	14 000	7 100
17 August	M18	2008	8 000	1 320
13 December	M20	2007	9 600	850

Additions

Date	Machinery reference	Cost \$
20 April	M27	11 500
25 October	M31	16 200

All receipts and payments for these transactions are processed through the business bank account.

All of the remaining machinery at 31 December 2012 was purchased after 2008.

Depreciation on the factory premises is charged on a straight line basis based on a 50 year life, with no residual value.

Depreciation on machinery is charged on a straight line basis based on a five year life and an estimated residual value of 10% of the original cost.

It is the company policy to charge a full year's depreciation in the year of purchase but none in the year of disposal.

REQUIRED*For
Examiner's
Use*

(a) Prepare the following ledger accounts for the year ended 31 December 2012.

(i) Machinery account

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..... [5]

(ii) Provision for depreciation of machinery account

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..... [6]

(iii) Machinery disposals account

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..... [6]

(b) Identify **two** alternative methods of providing for depreciation.

1
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2
..... [2]

(c) State **three** causes of depreciation.

1
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2
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3
..... [3]

Bach's statement of financial position showed the following at 1 January 2013:

Trade receivables \$12 000

Trade payables \$10 000

Bank balance \$800 Dr

Sales are paid in full one month after the sale

Purchases are payable 50% in the month of purchase, the remainder one month later

Other expenses are paid in the month they occur

Budgeted sales, purchases and other expenses for the period January to March 2013 are as follows:

	January	February	March
	\$	\$	\$
Sales	10 000	12 000	14 000
Purchases	8 000	12 000	16 000
Other expenses	5 000	5 000	5 000

(d) Complete the following table to show the budgeted closing bank balance on 31 March 2013.

Receipts	January	February	March
Receipts from customers			
Payments			
Payments to suppliers			
Other expenses			
Opening bank balance			
Net cash flow			
Closing bank balance			

[6]

For
Examiner's
Use

(e) Suggest **two** ways Bach could improve his budgeted bank balance at 31 March 2013.

1

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2

..... [2]

[Total: 30]

*For
Examiner's
Use*

Question 3 is on the next page.

Direct material	125 000 kilos @ \$2.48 per kilo
Direct labour – Department A	32 000 hours @ \$10.00 per hour
Direct labour – Department B	20 000 hours @ \$9.00 per hour
Production overhead – Department A	\$520 000
Production overhead – Department B	\$480 000
Administration overhead	\$405 000
Profit margin	20%

REQUIRED

- (a)** Calculate the forecast profit for Bazeri Limited for the year ended 31 December 2014.

[9]

Additional information:

Production overheads are to be recovered for both departments A and B on the basis of direct labour hours.

Administration overheads are to be recovered as a percentage of direct production costs.

REQUIRED

(b) Calculate the following forecast overhead absorption rates:

*For
Examiner's
Use*

(i) Production overhead – Department A

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..... [2]

(ii) Production overhead – Department B

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..... [2]

(iii) Administration overhead

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..... [2]

Direct material 5625 kilos
Direct labour – Department A 1500 hours
Direct labour – Department B 1200 hours

(c) Calculate the total costs of job J316.

[11]

[4]

9706/21/M/J/13

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