

Candidate Name \_\_\_\_\_

Centre Number	Candidate Number

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

**ACCOUNTING**

**9706/2**

PAPER 2 Structured Questions (Core)

**OCTOBER/NOVEMBER 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 page 9.

**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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<b>TOTAL</b>	

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**This question paper consists of 11 printed pages and 1 lined page.**



- 1 Dellow and Coucom are in partnership in a business which has three retail departments, Television, Computing and Telephones. The following balances were extracted from the business accounts at 30 April 2002:

		Dr \$	Cr \$
Purchases and Sales	Television	120 000	214 000
	Computing	220 000	428 000
	Telephones	40 000	107 000
Wages		56 000	
Stocks at 1 May 2001	Television	8 000	
	Computing	19 000	
	Telephones	3 000	
Sales staff salaries		147 000	
General expenses		5 000	
Office salaries		35 000	
Advertising		14 000	
Rent		40 000	
Electricity		9 000	
Insurance		5 000	
Motor Vehicles at cost		45 000	
Furniture & Fittings at cost		30 000	

#### NOTES

The following must now be taken into consideration.

Stocks at 30 April 2002:	Television	\$17 000
	Computing	\$40 000
	Telephones	\$5 000

Stock-taking is computerised and is based solely on sales and purchases – no physical stock check has been taken.

Accruals at 30 April 2002:	General expenses	\$2 000
	Electricity	\$1 000
	Rent	\$2 000

Number of sales staff employed	Television	3
	Computing	4
	Telephones	1

Commission is paid to sales staff at 1% of Sales.

Depreciation is charged to Motor Vehicles and Furniture & Fittings at 20% per annum on cost.

Floor space (square metres)	Television	2 000
	Computing	2 500
	Telephones	500





- (c) It has been suggested that any department that is making a loss should be closed. Comment on this suggestion.

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- 2 (a) (i) Describe **three** different types of preference share.

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- (ii) State the **major** differences between ordinary shares, preference shares and debentures.

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On 1 October 2001 Manny Kyoor and his wife formed a limited company, Kyoor Ltd, to run a beautician's business, and each paid in \$37 500 as share capital. The bank loaned the company a further \$80 000 at 9% interest per annum.

At 30 September 2002 the business's final accounts were drawn up as follows:

Trading and Profit and Loss Account for the year ended 30 September 2002

Sales and fees		\$350 000
less Cost of Sales		
Stock bought 1 October 2001	\$31 500	
Purchases	<u>\$280 000</u>	
	\$311 500	
Stock at 30 September 2002	<u>\$66 500</u>	<u>\$245 000</u>
Gross Profit		\$105 000
less Expenses		
Rent and Rates	\$3 950	
Advertising	\$1 750	
Wages	\$29 000	
Heat and Light	\$5 250	
Interest due	\$7 200	
Depreciation	<u>\$12 000</u>	<u>\$59 150</u>
Net Profit		<u>\$45 850</u>

## Balance Sheet as at 30 September 2002

<u>Fixed Assets</u>	<u>Cost</u>	<u>Deprec</u>	<u>NBV</u>
Premises	\$124 000		\$124 000
Fixtures and fittings	<u>\$48 000</u>	<u>\$12 000</u>	<u>\$36 000</u>
	<u>\$172 000</u>	<u>\$12 000</u>	\$160 000
 <u>Current assets</u>			
Stock	\$66 500		
Debtors	<u>\$21 500</u>	\$88 000	
 <u>Amounts to be settled within one year</u>			
Creditors	\$21 000		
Interest due	\$7 200		
Bank	<u>\$18 950</u>	<u>\$47 150</u>	<u>\$40 850</u>
			\$200 850
 <u>Amounts to be settled after more than one year</u>			
Long term loan			<u>\$80 000</u>
			<u>\$120 850</u>
 <u>Share Capital and Reserves</u>			
75 000 ordinary shares of \$1			\$75 000
Retained profit			<u>\$45 850</u>
			<u>\$120 850</u>

Industry average ratios and other relevant data concerning businesses similar to Kyoor Ltd were as follows:

(i) Gross Profit percentage	30.00%
(ii) Net Profit percentage	18.07%
(iii) Current ratio	2.21:1
(iv) Liquid (Quick) ratio	1.02:1
(v) Stock Turnover ratio	8 times
(vi) Fixed Assets to Sales	50.18%
(vii) Return on Total Assets	25.37%
(viii) Return on Net Assets	34.93%
(ix) Debtors' Payment period	25 days
(x) Creditors' payment period	30 days

(b) Calculate each of the above ratios, to 2 decimal places, for Kyoor Ltd.

- (i) .....
- (ii) .....
- (iii) .....
- (iv) .....
- (v) .....





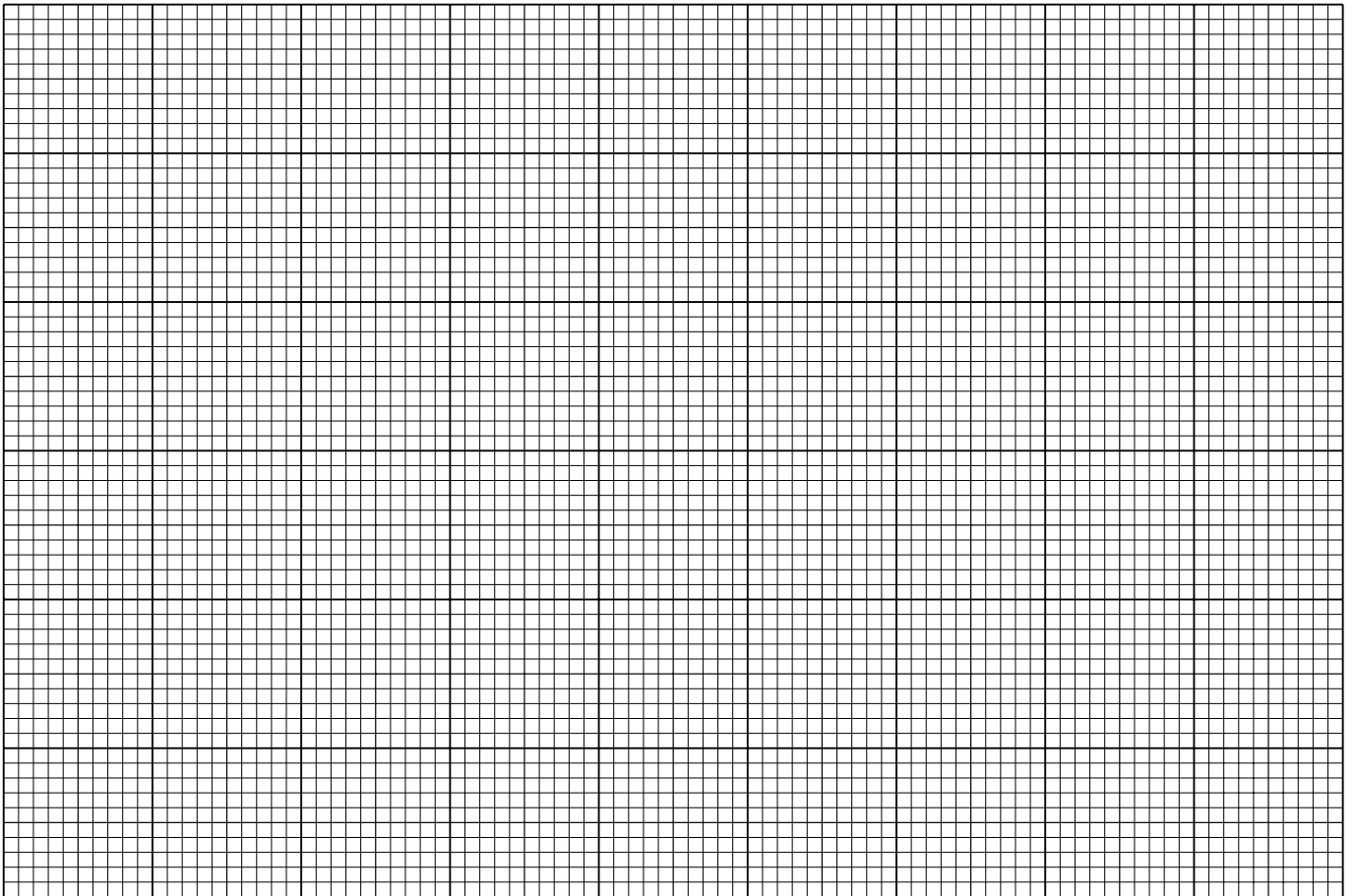






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(g) Draw a profit/volume chart for the company for year ended 30 September 2003, showing break-even point, and profit or loss at the expected sales figure and at sales of \$60 000.



[3]