



Cambridge International AS & A Level

CANDIDATE
NAME

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NUMBER

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NUMBER

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ACCOUNTING

9706/21

Paper 2 Structured Questions

October/November 2021

1 hour 30 minutes

You must answer on the question paper.

No additional materials are needed.

INSTRUCTIONS

- Answer **all** questions.
- Use a black or dark blue pen.
- Write your name, centre number and candidate number in the boxes at the top of the page.
- Write your answer to each question in the space provided.
- Do **not** use an erasable pen or correction fluid.
- Do **not** write on any bar codes.
- You may use an HB pencil for any rough working.
- You may use a calculator.
- You should present all accounting statements in good style.
- International accounting terms and formats should be used as appropriate.
- You should show your workings.

INFORMATION

- The total mark for this paper is 90.
- The number of marks for each question or part question is shown in brackets [].

This document has **20** pages. Any blank pages are indicated.

- 1 Eleni owns a business selling computers. She does not maintain full accounting records.

The following information is available.

	At 30 June 2021 \$	At 1 July 2020 \$
Equipment at valuation	3250	3460
Inventory	1940	2210
Trade receivables	5650	7200
Provision for doubtful debts	?	360
Other receivables: rent prepaid	1080	500
Trade payables	2120	1440
Other payables: wages	110	190
Bank	1420 Credit	860 Credit
Cash in hand	–	150
Bank loan	–	1350

A summary of receipts and payments made through the bank for the year ended 30 June 2021 was as follows:

Receipts	\$
Receipts from credit customers	58 960
Cash sales banked	3 980
Sale of equipment	180

Payments	\$
Payments to credit suppliers	39 750
Purchase of equipment	610
General expenses	940
Rent	6 860
Bank loan repayments	1 390
Bank charges	50
Cash withdrawn	14 080

All cash sales are banked.

REQUIRED

(a) Calculate **total** revenue for the year ended 30 June 2021.

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..... [2]

Additional information

Of the cash withdrawn from the bank, Eleni took \$450 each month for drawings and paid total wages of \$7620 for the year. The remaining cash from the cash till was used to pay for general expenses.

REQUIRED

(b) Prepare the cash account to calculate the amount paid in cash for general expenses.

Cash account

	\$		\$

[3]

PLEASE TURN OVER

- 2 The following balances have been extracted from the books of account of G Limited at 1 October 2020.

Account	\$
6% debentures (2022–23)	50 000
Retained earnings	34 500
Revaluation reserve	28 000

During the year ended 30 September 2021 the following took place.

Date	Transaction
1 November 2020	Made a rights issue of one ordinary share of \$1 each for every ten shares held at a premium of 20%. The issue was fully subscribed.
1 March 2021	Paid a dividend of \$0.05 per share on all shares in issue at that date.
1 May 2021	Made a bonus issue of one ordinary share of \$1 each for every four shares held. The directors decided to leave the reserves in the most flexible form.
30 September 2021	Revalued property downwards by \$35 000.

The profit for the year ended 30 September 2021 was \$96 000.

REQUIRED

- (a) Prepare the statement of changes in equity for the year ended 30 September 2021.

G Limited
Statement of changes in equity for the year ended 30 September 2021

	Share capital \$	Share premium \$	Revaluation reserve \$	Retained earnings \$	Total \$
At 1 October 2020			28 000	34 500	
At 30 September 2021	440 000	4 600			

Additional information

The finance director has suggested that the company could issue further debentures.

REQUIRED

(c) State **two** characteristics of a debenture.

1

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2

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[2]

[Total: 15]

PLEASE TURN OVER

- 3 Martina has prepared the following sales ledger control account for the month of August 2021. All sales are on credit.

Sales ledger control account for the month of August 2021

	\$		\$
Balance b/d	14 280	Sales returns journal	210
Sales journal	9 540	Bank	11 860
		Discounts received	280
		Balance c/d	11 470
	<u>23 820</u>		<u>23 820</u>
Balance b/d	11 470		

Martina produced a list of all customer account balances at 31 August 2021 totalling \$10 020.

She discovered that the following errors had been made in the records.

- Discounts allowed of \$1190 had been entered in customers' accounts but had not been entered in the control account.
- A credit transfer from a customer of \$420 had been correctly entered in the cash book but had been credited to the customer's account as \$240.
- A credit balance of \$60 on a customer's account had been recorded on the list of balances as a debit balance.
- A contra to the purchases ledger of \$860 had been entered in the customer's sales ledger account but had not been entered in the control account.
- A cheque received from a customer of \$380 had been returned unpaid by the bank. No entries had been made in Martina's books of account in respect of the unpaid cheque.
- Martina had sent a cheque for \$20 to a customer who had overpaid his account. The payment had been correctly processed in both the cash book and the customer's account but had been posted to the purchases ledger control account in error.

REQUIRED

(a) Prepare an adjusted sales ledger control account.

Sales ledger control account

	\$		\$
Balance b/d	11 470		

[6]

(b) Prepare an adjusted list of sales ledger balances to agree with the adjusted sales ledger control account balance in part (a).

	\$
Original total of sales ledger balances	10 020
Adjusted total of sales ledger balances	

[4]

(c) Explain how the preparation of a sales ledger control account assists in the prevention of fraud.

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..... [2]

(d) State **three** types of error that will **not** be identified by preparing a sales ledger control account.

- 1
- 2
- 3

[3]

[Total: 15]

- 4 B Limited is a manufacturing business. The business uses marginal costing techniques and manufactures three products, Ess, Tee and Ewe.

The following budgeted monthly information is available.

Per unit	Ess	Tee	Ewe
	\$	\$	\$
Selling price	30	43	69
Direct material	18	22	36
Direct labour at \$8 per hour	4	6	14
Variable overhead	2	3	5
Maximum monthly demand	300 units	400 units	360 units

Fixed overheads are budgeted to be \$96 000 per annum.

REQUIRED

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

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(g) Explain **two** disadvantages to a business of operating a system of budgetary control.

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[4]

[Total: 30]

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