

CANDIDATE
NAME

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CENTRE
NUMBER

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CANDIDATE
NUMBER

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ACCOUNTING

9706/33

Paper 3 Structured Questions

October/November 2018

QUESTION PAPER

3 hours

Candidates answer on the Question Paper.

No Additional Materials are required.

READ THESE INSTRUCTIONS FIRST

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

Write in dark blue or black pen.

You may use an HB pencil for any diagrams, graphs or rough working.

Do not use staples, paper clips, glue or correction fluid.

DO **NOT** WRITE IN ANY BARCODES.

Answer **all** questions.

The Insert contains all the sources referred to in the questions.

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.

International accounting terms and formats should be used as appropriate.

Workings should be shown.

You may use a calculator.

This document consists of **23** printed pages, **1** blank page and **1** Insert.

Section A: Financial Accounting

Answer **all** questions.

Question 1

Read Source A1 in the Insert.

- (a) Calculate the percentage of factory profit used by the company.

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..... [3]

- (b) Prepare the manufacturing account for the year ended 31 December 2017 in as much detail as possible.

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..... [4]

Additional information

CL plc has the opportunity to buy in finished goods at a cost 5% lower than the cost of each unit it manufactures.

(d) Advise the directors whether or not they should take this opportunity. Justify your answer.

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..... [4]

(e) (i) State what is meant by the term 'prime cost'.

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..... [1]

(ii) State **one** example of a cost which would be included in prime cost.

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..... [1]

(iii) State **one** example of a cost which would be included in factory overheads.

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..... [1]

[Total: 25]

PLEASE TURN OVER

Question 2

Read Source A2 in the Insert.

- (a) State **three** advantages to the shareholders of including notes to the accounts within the financial statements.

1

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2

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..... [3]

Additional information

The following information has been extracted from the property plant and equipment note to the financial statements of S plc for the year ended 30 September 2016:

	Land and buildings	Fixtures and fittings	Motor vehicles	Total
	\$	\$	\$	\$
Cost	200 000	95 000	43 000	338 000
Accumulated depreciation	<u>70 000</u>	<u>28 000</u>	<u>13 000</u>	<u>111 000</u>
Net book value	<u>130 000</u>	<u>67 000</u>	<u>30 000</u>	<u>227 000</u>

The following information is also available:

- The cost of the land was \$40 000.
- During the year ended 30 September 2017 the following events occurred:
 - On 1 January 2017 new fixtures and fittings were acquired at a cost of \$20 000.
 - On 1 July 2017 a motor vehicle which had cost \$10 000 was sold for \$7 000. There was a loss on disposal of \$1 000.
- Depreciation is charged on a monthly basis as follows:

Buildings	5% per annum	straight-line method
Fixtures and fittings	15% per annum	straight-line method
Motor vehicles	20%	reducing balance method

(b) Calculate the depreciation charge for the year ended 30 September 2017 for:

(i) buildings

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(ii) fixtures and fittings

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(iii) motor vehicles.

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[7]

Section B: Cost and Management Accounting

Answer **all** questions.

Question 5

Read Source B1 in the Insert.

(a) Discuss **two** advantages of budgetary control.

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[4]

(b) Prepare the flexed budget for the year for 12 000 units.

Workings:

Additional information

The following actual data are available for 12 000 units:

	\$
Sales revenue	242 600
Direct labour	63 000
Direct material	34 000

(c) Explain to Kuldeep what may have caused a difference between the flexed budget and the actual data.

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Additional information

Anne, his sister, has advised him that he should produce an annual fixed budget instead of an annual flexed budget.

(d) Assess **two** disadvantages to Kuldeep of producing an annual fixed budget.

1

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..... [4]

[Total: 25]

Question 6**Read Source B2 in the Insert.****(a)** Calculate the annual net cash flow for Option 1.

Year	Sales \$	Labour \$	Rent \$	Seeds \$	Net Cash flow \$

[8]

(d) State:

(i) **one** advantage of using ARR in comparison to other methods of investment appraisal

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.....

(ii) **two** disadvantages of using ARR in comparison to other methods of investment appraisal.

1

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2

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[3]

(e) Discuss other financial and non-financial factors which may affect Asif's decision to run a farming business.

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[5]

[Total: 25]

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