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**9706/22**

October/November 2013

**1 hour 30 minutes**

No Additional Materials are required.

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.**

You may use a calculator.

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



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- 1 Joe Brown has a petrol station which has three departments, fuel, car wash and café. The following information is available for the year ended 31 December 2012.

	Fuel \$	Car wash \$	Cafe \$
Revenue	735 600	30 650	61 300
Inventory at 1 January 2012	38 700	3 650	4 725
Purchases	454 320	7 240	9 620
Inventory at 31 December 2012	39 760	2 480	4 820
Direct wages	36 000	3 000	12 000
Non-current assets at cost	120 000	15 000	2 760
Accumulated depreciation	6 000	1 200	850

#### Additional information

Depreciation rate	10%	15%	15%
Depreciation method	Straight line	Reducing balance	Straight line
Floor area (square metres)	3 400	850	425

Other expenses for the year are:

	\$
Rent of premises	46 288
Electricity	18 300
Administration charges	17 119
Other expenses	54 023

The expenses are split between the departments on the following basis:

Rent of premises in the ratio of floor area,  
Electricity in the ratio 4:1:1 between fuel, car wash and café,  
Administration charges in the ratio of wages,  
Other expenses in the ratio of sales.

**(a)** Prepare a departmental income statement for the year ended 31 December 2012.

[18]

- [6]

- [6]

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On 1 June 2012 Alec had a debit balance on his current account of \$2900 and Jean had a credit balance on her current account of \$3100.

The partnership agreement stated:

- Alec withdrew \$20 000 and Jean \$22 000 during the year.

**(a)** Prepare the current account of **each** partner for the year ended 31 May 2013.

[10]

(b) Calculate the profit for the year ended 31 May 2013 before appropriation.

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..... [6]

(c) Explain the term goodwill.

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..... [4]

*For  
Examiner's  
Use*

In addition Chris also introduced a motor vehicle valued at \$12 150 and inventory of \$5850. The partners agreed that profits and losses are to be shared between Alec, Jean and Chris in the ratio of 3:2:1. No goodwill account is to be maintained on the books.

## REQUIRED

- (d)** Prepare the capital accounts of Alec, Jean and Chris after Chris's admission to the partnership.

[10]

**[Total: 30]**

- 3 Kirkton manufactures a single product, the Kirk. The following information relates to one unit of Kirk:

Per unit	\$
Selling price	35.00
Variable production costs	13.50
Fixed production costs	3.50
Variable selling costs	1.50
Fixed selling costs	1.00

Kirkton produces and sells 800 Kirks a week.

#### REQUIRED

- (a) (i) Calculate the weekly breakeven point in units.

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..... [3]

- (ii) Calculate the weekly breakeven point in revenue.

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..... [2]

- (iii) Calculate the margin of safety in revenue.

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..... [3]

- (iv) Calculate the margin of safety as a percentage.

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..... [2]

For  
Examiner's  
Use



Kirkton has four different machines that are used in the production of the Kirk. One of the machines has broken down, causing production to stop completely. The company will be without the machine for a period of four weeks and the owners have two alternatives.

- ## REQUIRED

[9]

- [7]

- [2]

- [2]

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