National
Qualifications
2026

X800/76/11 Accounting

MONDAY, 25 MAY

1:00 PM – 3:30 PM

Total marks — 120

SECTION 1 — 80 marks

Attempt ALL questions.

SECTION 2 — 40 marks

Attempt ALL questions.

You may use a calculator.

All working should be shown fully, and clearly labelled.

Write your answers clearly in the answer booklet provided. In the answer booklet you must clearly identify the question number you are attempting.

Use **blue** or **black** ink.

You must leave your answer booklet on your desk; if you do not, you could lose all the marks for this paper.

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SECTION 1 — 80 marks

Attempt ALL questions

1. The following is the Trial Balance of Kenmore Enterprises plc as at 31 December Year 5.

	£000	**£000**
Sales Revenue		1,114
Sales Revenue Returns	18	
Purchases	510	
Purchases Returns		12
Inventory at 1 January Year 5	72	
Advertising	60	
Administration Expenses	84	
Net Discounts	22	
Wages	134	
Electricity	80	
VAT		106
Provision for Doubtful Debts 1 January Year 5		16
Trade Receivables	200	
Trade Payables		130
Ordinary Dividend Paid	36	
Investments	210	
Cash and Cash Equivalents	78	
Goodwill	72	
300,000 Ordinary Shares of £1 each		300
10% Debentures		240
Property at cost	214	
Showroom Fittings at cost	220	
Motor Vehicles at cost	150	
Provisions for Depreciation at 1 January Year 5: Showroom Fittings Motor Vehicles		 60 30
Share Premium		150
Unappropriated Profit at 1 January Year 5		20
Preliminary Expenses	18	
	2,178	**2,178**

MARKS

1. **(continued)**

NOTES AT 31 DECEMBER YEAR 5:

1. Inventory is valued at £66,000.

2. Carriage In of £4,000 is payable.

3. 5% of Electricity relates to the Warehouse.

4. Advertising includes a payment of £18,000 for an advertising campaign for Year 6.

5. Provide for depreciation for the year as follows:
   - Showroom Fittings at 10% on cost.
   - Motor Vehicles are to be depreciated by £24,000.

6. The Provision for Doubtful Debts is to be adjusted to 6% of Trade Receivables.

7. Dividends of £12,000 are receivable from investments.

8. Corporation Tax is payable at the rate of 25%.

9. The directors propose to write down Goodwill by £25,000.

10. Write off the Preliminary Expenses by transfer from the Share Premium Account.

11. Property is revalued at £270,000.

12. On 1 January Year 5, a Bonus Issue of Ordinary Shares was made on the basis of one share for every 5 held. This issue was financed by a transfer from the Share Premium Account and is still to be recorded.

(a) Prepare:

(i) an Income Statement for the year ended 31 December Year 5 **18**

(ii) a Statement of Financial Position as at 31 December Year 5. **20**

(b) Outline non-financial performance indicators a business may use to evaluate performance. **2**

[Turn over

MARKS

2. PART A

The following are the details for material Xen which on 1 May Year 3 showed an opening balance of 400 units at £5.50 per unit.

Date	Transaction	Unit	Price
3 May	Purchases	400	£5.60
7 May	Issues	200	
15 May	Purchases	300	£6.00
21 May	Returned 150 units from the batch purchased on 3 May	150	
26 May	Issues	200	

Prepare the Inventory Record Card for material Xen, for the month of May Year 3, using the Weighted Average Method (AVCO). **6**

2. PART B

Product LLC3 is manufactured in 2 processes. Process 2 adds 2 kg of material Alpha with 1 kg of material from Process 1.

Data for Process 2 for the month of April Year 3 is as follows:

Transfer from Process 1	4,000 kgs at £15 per kg
Material Alpha	? kg at £4 per kg
Labour	500 hours
Labour Rate	£12 per hour
Variable Overheads	£2,000 plus 10% of labour cost
Fixed Overheads	20% of Prime Cost
Normal Loss	5% of total input quantity
Closing Work–in-Progress	1,400 kg at £7,200
Completed units transferred to warehouse	9,800 kg

All losses are sold for £5 per kg.

Prepare, for the month of April, the:

(a) Process 2 Account **8**

(b) Abnormal Loss Account. **4**

MARKS

2. PART C

Weir Ltd manufactures 3 products — Basic, Standard and Superior. The following data relates to Year 2.

Data	Basic	Standard	Superior
Selling Price per unit	£80	£115	£150
Material Cost per unit	£30	£55	£66
Labour Hours per unit	2	2	3
Machine Hours per unit	2	4	5
Variable Overheads	£2 per labour hour	£4 per labour hour	£6 per labour hour
Sales and Production units	5,000	10,000	3,000

Labour cost per hour is £12.

Annual Fixed Costs are estimated to be £300,000.

(a) Calculate for Year 2, the:

(i) total machine hours worked **2**

(ii) contribution per unit **5**

(iii) total profit. **2**

In Year 3 the following changes are expected:

- Machine capacity will be restricted to 61,750 hours.
- The selling price of Superior will increase by £20.
- Demand for all products is expected to increase by 5%.
- Fixed costs are expected to increase by 10%.

(b) Calculate for Year 3, the:

(i) contribution per machine hour for each product **4**

(ii) quantity of each product to be produced and sold if Weir Ltd is to maximise profits **4**

(iii) total profit. **2**

(c) Calculate the change in profit for Year 3 if company policy states that 10,000 units of 'Standard' must be produced each year. **3**

[Turn over

SECTION 2 — 40 marks

Attempt ALL questions

3. The following balances have been extracted from the financial records of Anwar plc for the year ended 31 December Year 4:

	£000
Inventories at 1 January Year 4:	
Raw Materials	110
Work-in-Progress	68
Finished Goods	120
Purchase of Raw Materials	265
Purchase Returns of Raw Materials	16
Manufacturing Wages	160
Office Salaries	74
Factory Indirect Wages	80
Factory Machinery at cost	480
Motor Vehicles at cost	120
Carriage In on Raw Materials	2
Rates	45
Royalties	12
Carriage In on Finished Goods	8
Factory Power (indirect)	14
Factory Cleaning	18
Advertising	36
Heat and Light	30
Selling and Distribution Expenses	88
Provisions for Depreciation as at 1 January Year 4:	
Factory Machinery	120
Motor Vehicles	40
Insurance	20
General Factory Expenses	11

3. **(continued)**

NOTES AT 31 DECEMBER YEAR 4:

1. Inventories were as follows:

Raw Materials	£80,000
Work-in-Progress	£24,000
Finished Goods	£73,000

2. Factory Cleaning Expenses of £3,000 are receivable.

3. Rates have been paid for the 15 months ending 31 March Year 5.

4. A 5% wage increase has been agreed for all employees for Year 4. This has still to be paid.

5. The following expenses are to be apportioned between the factory and the office as follows:

	Factory	**Office**
Insurance	4/5	1/5
Rates	3/4	1/4
Heat and Light	70%	30%

6.
   - All Non-Current Assets are to be depreciated at the rate of 15% using the reducing balance method.
   - Depreciation of Motor Vehicles is to be apportioned between the office and the factory in the ratio of 3:1.

7. During Year 4, 50,000 units were produced with an estimated total market value of £950,000.

(a) Prepare the Manufacturing Account for the year ended 31 December Year 4, using the relevant information. **17**

(b) Calculate the cost per unit. **1**

(c) Describe the following terms:
- Factory Overheads
- Work-in-Progress **2**

[Turn over

MARKS

4. Fong & Li plc is considering investing in one of the following projects. You have been given the following information to help decide which proposal should be chosen.

Project 1	
Initial Investment	£500,000
Project Life	5 years
Depreciation	20% on cost
	Estimated Net Cash Flow
Year 1	£300,000
Year 2	£150,000
Year 3	£200,000
Year 4	£120,000
Year 5	£105,000

Project 2	
Initial Investment	£200,000
Project Life	5 years
Residual Value	£15,000
	Estimated Net Cash Flow
Year 1	£40,000
Year 2	£45,000
Year 3	£65,000
Year 4	£80,000
Year 5	£85,000

(a) Calculate the profit for each year for **both** projects. **5**

(b) Calculate the following for **both** projects:

(i) Accounting Rate of Return (based on original investment). **4**

(ii) Payback (to the nearest day). **6**

(c) Advise Fong & Li plc as to the most attractive investment proposal. Justify your answer. **2**

(d) Outline the advantages and disadvantages of the Payback method of Investment Appraisal. **3**

[END OF QUESTION PAPER]