

**MARK SCHEME for the May/June 2010 question paper
for the guidance of teachers**

9706 ACCOUNTING

9706/23

Paper 23 (Structured Questions (Core)),
maximum raw mark 90

This mark scheme is published as an aid to teachers and candidates, to indicate the requirements of the examination. It shows the basis on which Examiners were instructed to award marks. It does not indicate the details of the discussions that took place at an Examiners' meeting before marking began, which would have considered the acceptability of alternative answers.

Mark schemes must be read in conjunction with the question papers and the report on the examination.

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1 WORKINGS

1 Calculation for trade receivables (debtors)

| | | | | |
|---------|----------------|------------|---------------|------------------|
| | \$ | | \$ | |
| Bal b/d | 46 400 | Bank | 424 000 | |
| Sales | <u>393 400</u> | Trade rec. | <u>15 800</u> | 1of |
| | 439 800 | | 439 800 | (awarded in (d)) |

2 Calculation of opening capital

| | | | |
|-----------------------------|----------------|----------------|------------------|
| | \$ | \$ | |
| | Dr | Cr | |
| Trade payables (creditors) | | 29 200 | |
| Bank | | 15 000 | |
| Trade receivables (debtors) | 46 400 | | |
| Inventory (stock) | 24 400 | | |
| Machinery at net book value | 206 400 | | |
| Capital | | <u>233 000</u> | 1 + 1of |
| | <u>277 200</u> | 277 200 | (awarded in (d)) |

3 Calculation of depreciation

| | | | |
|----------------------------|----------------|----------------|------------------|
| Machinery at NBV 30/04/09 | | 206 400 | 1 |
| add machinery purchased | | <u>30 400</u> | 1 |
| | | 236 800 | |
| less NBV of Machinery sold | 5 600 | | 1 |
| Machinery at NBV 30/04/10 | <u>216 000</u> | <u>221 600</u> | 1 |
| | | 15 200 | (awarded in (c)) |

(a) Calculation of ordinary goods purchased for the year

| | | | |
|-----------------------------------|---------------|----------|------------|
| | \$ | | |
| Ordinary goods purchased for cash | 228 000 | 1 | |
| less trade payables at start | <u>29 200</u> | 1 | |
| | 198 800 | | |
| add trade payables at end | <u>32 200</u> | 1 | |
| | 231 000 | | [3] |

(b) Calculation for sales for the year

| | | | |
|----------------------------------|----------------|------------|------------|
| Cost of sales | | | |
| Opening inventory (stock) | 24 400 | 1 | |
| Ordinary goods purchased | <u>231 000</u> | 1of | |
| | 255 400 | | |
| Less closing inventory (stock) | <u>30 600</u> | 1 | |
| | <u>224 800</u> | 1 | |
| Sales = 224 800 × 1.75 (mark-up) | 393 400 | 1 | [5] |

(c) Income statement (trading and profit and loss account)
for the year ended 30 April 2010

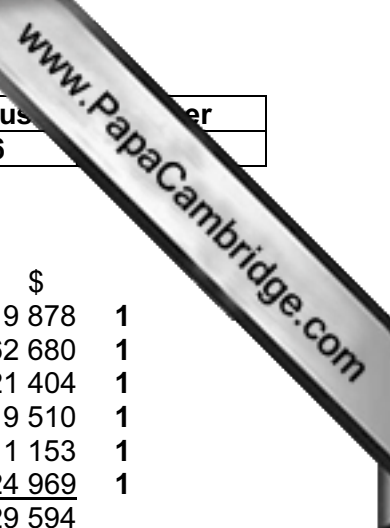
| | | | |
|----------------------------------|--------|----------------------|----------------|
| | \$ | \$ | |
| Sales | | 393 400 | 1of |
| cost of sales | | <u>224 800</u> | |
| Gross profit | | 168 600 | |
| | | | |
| Rent (24 200 – 6200) | 18 000 | | 2 |
| Insurance (14 200 – 3400) | 10 800 | | 2 |
| Wages (104 200 – 28 000) | 76 200 | | 2 |
| Postage | 800 | | 1 |
| Electricity | 8 400 | | 1 |
| Sundries | 4 200 | | 1 |
| Depreciation | 15 200 | | 3 + 1of |
| Loss on disposal (5600 – 1000) | 4 600 | <u>138 200</u> | 2 |
| Profit for the year (net profit) | | <u><u>30 400</u></u> | [16] |

(d) Balance Sheet at 30 April 2010

| | | | | |
|------------------------------|--------------|---------------|-----------------------|-----------------|
| | \$ | \$ | \$ | |
| Non-current (fixed) assets | | | | |
| Machinery at net book value | | | 216 000 | |
| Current assets | | | | |
| Inventory (stock) | 30 600 | | | |
| Trade receivables (drs) | 15 800 | | | 1 |
| Prepayments | <u>9 600</u> | 56 000 | | |
| Current liabilities | | | | |
| Trade payables (crs) | 32 200 | | | |
| Bank | <u>5 400</u> | <u>37 600</u> | <u>18 400</u> | 1 |
| | | | <u><u>234 400</u></u> | |
| | | | | |
| Capital at 1 May 2009 | | | 233 000 | 1 + 1of* |
| Profit for year (net profit) | | | <u>30 400</u> | 1of |
| | | | 263 400 | |
| Drawings (28 000 + 1000) | | | <u>29 000</u> | 1 |
| | | | <u><u>234 400</u></u> | [6] |

* If capital is calculated as a residual value within the balance sheet, award **1of** if wrong value but correctly calculated.

[Total: 30]



2 (a) Sales Ledger Control Account

| | | | | |
|---------------------------|----------------|-----|---------------------|-----------------|
| | \$ | | \$ | |
| Balance 1 April 2009 | 29 040 | 1 | Sales returns | 9 878 1 |
| Sales | 499 892 | 1 | Bank | 462 680 1 |
| Bank (dishonoured cheque) | 662 | 1 | Discount allowed | 21 404 1 |
| | | | Bad debts | 9 510 1 |
| | | | Contra | 1 153 1 |
| | | | Balance 31 Mar 2010 | <u>24 969</u> 1 |
| | <u>529 594</u> | | | <u>529 594</u> |
| Balance 1 April 2010 | 24 969 | 1of | | [10] |

(b) (i) Amended sales ledger control account

| | | | | |
|----------------------|---------------|---|-----------------------|-----------------|
| | \$ | | \$ | |
| Balance b/d | 24 969 | | Credit note corrected | 840 1 |
| Dis all'd overstated | 310 | 1 | Debit bal transferred | |
| Sales omitted | 998 | 1 | to purchases ledger | 698 1 |
| Extra sales | <u>3 856</u> | 1 | Balance c/d | <u>28 595</u> 1 |
| | <u>30 133</u> | | | <u>30 133</u> |
| Bal b/d | 28 595 | | | [6] |

OR

If candidate draws up a **new** as opposed to an **amended** SLC account, accept as follows.

| | | | | |
|--------------------|---------|---|-------------------|------------|
| | \$ | | \$ | |
| Balance | 29 040 | | Cr note corrected | 420 |
| Cr sales | 499 892 | | | } for both |
| Sales omitted | 998 | 1 | | |
| Extra sales | 3 856 | 1 | | |
| | | | Sales returns | 9 878 |
| | | | Cr note corrected | 420 |
| Bank (dis cheque) | 662 | | Bank | 462 680 |
| Dis all overstated | 310 | 1 | Dis allowed | 21 404 |
| | | | Bad debts | 9 510 |
| | | | Contra | 1 153 |
| | | | Contra | 698 1 |
| | | | Balance | 28 595 1 |
| | 534 758 | | | 534 758 |
| | | | | [6] |

| | | | | |
|-----------------------|------------|------------|---------------|-----|
| (ii) | \$ | \$ | \$ | |
| Sales ledger total | add | less | 26 845 | |
| Sales invoice omitted | 998 | | | 1 |
| Balance omitted | 2 102 | | | 1 |
| Entry omitted | 816 | | | 1 |
| Balance understated | <u>200</u> | | <u>4 116</u> | 1 |
| | | | 30 961 | |
| Credit note corrected | | 840 | | 1 |
| Bankrupt | | 896 | | 1 |
| Entry omitted | | <u>630</u> | <u>2 366</u> | 1 |
| | | | <u>28 595</u> | 1 |
| | | | | [8] |

- (c) Minimize fraud/make fraud easier to find.
 Minimize time taken to find errors/make errors easier to find.
 Figures for total creditors/debtors easily available.
 Sectional ledgers make checking easier.
 Control accounts not handled by sales/purchases ledger clerk.

Any **three** answers for **2** marks each.

[6]

[Total: 30]

3 DATA

| | Cabinet 1 | Cabinet 2 | Cabinet 3 |
|---------------|-----------|------------|------------|
| Variable cost | 400 | 240 | 220 |
| Fixed cost | 8 000 000 | 36 000 000 | 79 200 000 |
| Selling price | 500 | 480 | 520 |

ANSWERS

| | | | | |
|------------|--|---|---|-----|
| (a) | | (i) | (ii) | [6] |
| | | $\begin{array}{r} 1 \quad 36\,000\,000 \\ 2 \quad 400 - 240 \\ \hline 225\,000 \end{array}$ | $\begin{array}{r} 1 \quad 79\,200\,000 \\ 2 \quad 400 - 220 \\ \hline 440\,000 \end{array}$ | |

- (b)** Difference in fixed costs divided by difference in unit contribution

$$\frac{79\,200\,000 - 36\,000\,000}{(520 - 220) - (480 - 240)} = \frac{43\,200\,000}{60} = 720\,000 \quad [6]$$

| | | | | |
|--------------|----------------------------|---------------------|-----------------------|---------------------|
| (c) | Cabinet 1 | Cabinet 2 | Cabinet 3 | |
| | Units | | | |
| (i) | 200 000 × (500 – 400) – 8M | × (480 – 240) – 44m | × (520 – 220) – 87.2m | |
| | = \$12 000 000 | = \$4 000 000 | = \$–27 200 000 | 1 each max 3 |
| (ii) | 250 000 × (500 – 400) – 8M | × (480 – 240) – 44m | × (520 – 220) – 87.2m | |
| | = \$17 000 000 | = \$16 000 000 | = \$–12 200 000 | 1 each max 3 |
| (iii) | 300 000 × (500 – 400) – 8M | × (480 – 240) – 44m | × (520 – 220) – 87.2m | |
| | = \$22 000 000 | = \$28 000 000 | = \$2 800 000 | 1 each max 3 |

[9]

- (d)** Extra fixed cost divided by (unit contribution on cabinet 2 less contribution on cabinet 1)

$$\frac{36\,000\,000}{(480 - 240) - (500 - 400)} = 257\,143 \quad [5]$$

| | | |
|---------------|---------------------------------------|-----------------|
| Page 6 | Mark Scheme: Teachers' version | Syllabus |
| | GCE AS/A LEVEL – May/June 2010 | 9706 |

- (e) Unit selling price remains constant.
Unit variable costs remain constant.
Sales mix remains constant.
Total fixed costs do not change.
There are no semi-variable costs.
All production is sold.

Any **four** correct for **1** mark each.

[4]

[Total: 30]