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for the guidance of teachers

9706 ACCOUNTING

9706/43

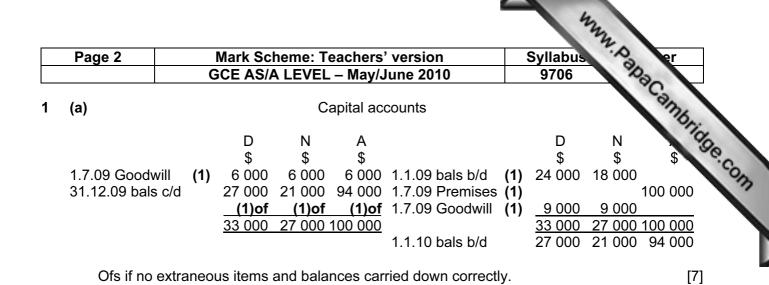
Paper 43 (Problem Solving (Supplement)), maximum raw mark 120

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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(b) Income statements (Trading and profit and loss accounts) and appropriation accounts for the 6 months ended

	30	June 20	09	31 De	cember	2009	
Sales (1 mark for 188 000)	\$	(2)	\$ 189 000	\$	(1)	\$ 247 000	
Opening inventory (stock) Purchases	22 000 105 000			21 000 127 000	(1)		
Closing inventory (stock) Gross profit	<u>-21 000</u>	(4)	<u>106 000</u> 83 000	<u>–28 000</u>		<u>120 000</u> 127 000	
Loss of disposal (10-2.5-6.5) Other costs Rent	1 000 51 000 3 000						
Depreciation – equipment	2 500			3 100	(1)		
premises Interest		. ,		350 1 200	(1) (1)		
Bad debts Profit for the period (net profit)	<u> </u>	(1)	<u>58 500</u> 24 500			<u>61 650</u> 65 350	
Salary – A	-			8 000	(1)	-8 000	
Interest – D Interest – N	600 450) (1))		1 080 840	(1)of (1)of		
Interest – A	-) (4) = 5	-1 050	3 760	. ,	-5 680	
Share of profit – D Share of profit – N Share of profit – A	11 725 11 725		<u>–23 450</u>	17 223 17 223 17 224) (1)of	<u>–51 670</u>	
			0		,	0	[19]

							1	m		
Page 3		Mark	Scheme	: Teache	ers' version		Syllabus	Q.	er	
		GCE A	S/A LEV	EL – Ma	y/June 2010		9706	12	2	
(c)				Current	accounts				aCambride \$	
		D	Ν	А			D	Ν	19	6
		\$	\$	\$			\$	\$	\$	0.
1.1.09 bal b/d			3 500		1.1.09 bal b/d		7 000			6
30.6.09 Drawings	(1)	11 000	15 000		30.6.09 IOC	(1)of	600	450		
30.6.09 bal c/d		8 325			30.6.09 Sh profit	(1)of	11 725	11 725		
					30.6.09 bal c/d			6 325		
		<u>19 325</u>	18 500	0			<u>19 325</u>	18 500	0	
1.7.09 bal b/d			6 325		1.7.09 bal b/d		8 325			
31.12.09 Drawings	(1)	12 000	14 000	18 000	31.12.09 Salary	(1)of			8 000	
31.12.09 bal c/d		14 628		10 984	31.12.09 IOC	(1)of		840	3 760	
					31.12.09 Sh profit	(1)of	17 223	17 223	17 224	
					31.12.09 bal c/d			2 262		
		<u>26 628</u>	20 325	<u>28 984</u>			<u>26 628</u>	20 325	28 984	
1.1.10 bal b/d			2 262		1.1.10 bals b/d		14 628		10 984	
			(1)of				(1)of		(1)of	
									[10]	

For illustration only -

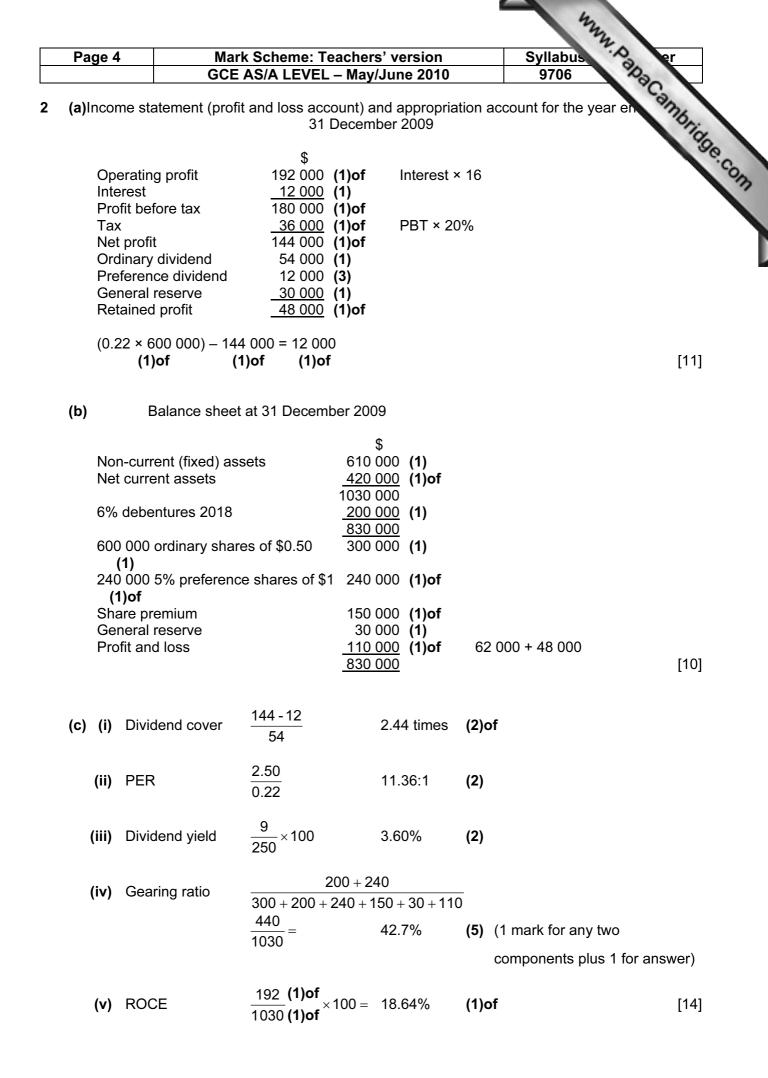
Balance sheet at 31 December 2009

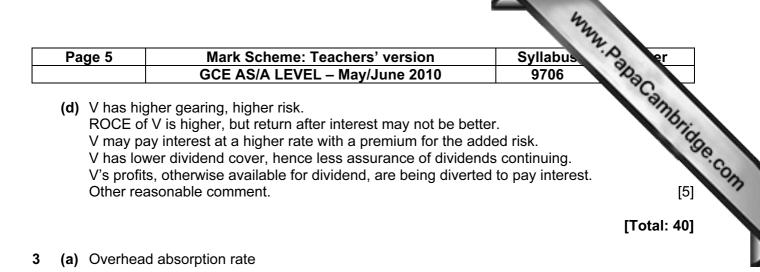
Premises (100 000 – 350)				99 650
Equipment (62 000 – 3 100)				58 900
Stock				28 000
Debtors				24 000
Bank				16 000
Creditors				-20 000
Loan				-40 000
Accrued interest				<u> </u>
				<u>165 350</u>
	D	Ν	А	
Capital accounts	27 000	21 000	94 000	142 000
Current accounts	14 628	-2 262	10 984	23 350
				<u>165 350</u>

Bank = 6 000 + 428 000 + 6 500 + 40 000 - 221 000 - 3 500 - 62 000 - 108 000 - 70 000 = 16 000

(d) Any reasonable answers, e.g.
 Advantage – strengthening of asset base with an increase in fixed assets in balance sheet.
 Disadvantage – increased risk of debt. (2 × 2)

[Total: 40]





(i)	by machine hour	$\frac{42760}{2800+3000}$ (1) (1)	= \$7.37 per m/hr (1)of
(ii)	by labour hour	$\begin{array}{c} 42760\\\hline 2100+1800\\\hline \textbf{(1)} \textbf{(1)}\end{array}$	= \$10.96 per lab/hr (1)of
(iii)	by total DM cost	$\frac{42760}{34440+30800}$ (1) for both	_=\$0.66 per \$) (1)of

(b)	DM	3.5 × \$8.8	30.80	(1)
	DL	1.8 × \$10	18.00	(1)
	Ohds	3 × \$7.37	22.11	(1)of
			70.91	
	Profit	50%	35.46	(1)of
			106.37	(1)of

(c) Overabsorption of overheads:

This means that the amount of overheads added to production costs exceeds the total amount of overheads, because actual production was higher than anticipated when the OAR was calculated.

Underabsorption of overheads:

This means that the amount of overheads added to production costs is less than the total amount of overheads, because actual production was lower than anticipated when the OAR was calculated. (2×2) [4]

- (d) (i) MPV 2 760 A (2)
 - (ii) MUV 1640 F (2)
 - (iii) Total material variance 1 120 A (2)of
 - (iv) LRV 440 A (2)
 - (v) LEV 2000 F (2)
 - (vi) Total labour variance 1 560 F (2)of

[8]

[5]

Pa	ge 6	N	lark Scheme: Teachers' version	Syllabus	er er
		G	CE AS/A LEVEL – May/June 2010	9706	Day
(e)	4 672/1 6	00	\$2.92 (1)		Papacambridge
	125 760/1	600	<u>\$78.60</u> (1)		190
	Std price		\$81.52 (1)of		
(f)	Advantag	ges:			·
			to prepare.		
	Budgets a				
			sibility accounting.		
			ent to understand why actual perform	mance differs from budge	ets.
	Facilitates	s preparat	ion of quotes etc. (4 × 2)		[8]