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for the guidance of teachers

9706 ACCOUNTING

9706/23

Paper 2 (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.

Cambridge will not enter into discussions or correspondence in connection with these mark schemes.

Cambridge is publishing the mark schemes for the May/June 2012 question papers for most IGCSE, GCE Advanced Level and Advanced Subsidiary Level syllabuses and some Ordinary Level syllabuses.

 (i) Revenue (203 200 - 22 400 1 + 28 600 1 + 4 000 1 + 18 510 1) = \$231 910 (ii) Ordinary goods purchased (122 460 - 17 500 1 + 19 470 1 + 3 100 1 - 3 700 1) = \$123 830 	Page 2		eme: Teachers		Syllabus 9706
Shaun Income Statement for the year ended 31 December 2011\$<		GCE A5/A	LEVEL - May/J		9706
Shaun Income Statement for the year ended 31 December 2011\$<			8 600 1 + 4 000	1 + 18 510 1) =	\$231 910
Shaun Income Statement for the year ended 31 December 2011\$<				1 – 3 700 1) = \$	123 830
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146 130Less Closing inventory $17 400$ 1Cost of sales $128 730$ Gross Profit $103 180$ Additional Income $18 900$ 1Rent received $3 100$ 1Discounts received $3 100$ 1Expenses $21 540$ 1General expenses $21 540$ 1Discounts allowed $4 000$ 1Depreciation equipment $18 200$ 1Depreciation motor vehicles $16 000$ 1Provision for doubtful debts 572 1					
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<u>90 972</u>					
	1 10 1310				90 972
	Profit for	the year			

Page 3	Mark	Syllabu	· · ·	er er				
	GCE A	AS/A LEVEL –	May/J	une 2012		9706		Pao
c)	Statemer		Shaur Positi		n at 31 December 2011			apacambridge.
Non-Cı	urrent (Fixed) As	sets						30
		\$		\$		\$		
Premise	es					100 000		
Equipm	nent					27 600		
	/ehicles					68 200		
						195 800	1	
Current	t Assets							
Invento				17 400				
	receivables			28 028				
	al expenses			900				
Rent re	eceivable			1 300	1			
				47 628				
	t Liabilities							
	payables	19 470						
Wages		500						
Bank o	verdraft	8 290	1					
				28 260				
	rrent assets/work	ing capital				<u> 19 368</u> 215 168		
Finance								
Capital						212 880		
Profit fo	or the year					<u>34 208</u>	1 of	
D						247 088		
Drawing	gs					<u>31 920</u> 215 168	1	[12]
								[Total: 30]

2	(a)	(1)	Motor vehicles	2010	2011			
			MV1	5 200	5 200			
			MV2 MV3	1 800	3 600			
			101 0 3	<u>7000</u> 2	<u>3 600</u> <u>12 400</u>	1		[3]
		(ii)	Equipment	2010	2011			
			EQ1	4 500	4 500			
			EQ2	4 500 1	<u>6 600</u> 11 100	1		[2]
	(b)	(i)		2010	2011			
		.,	Motor vehicles	0.500	4 075			
			MV1 MV2	6 500 4 500	4 875 3 375			
			MV3	4 000	<u> </u>	1		
				11 000 2	14 250			[5]

Page 4			eachers' version	Syllabus	er er
	GC	CE AS/A LEVEI	_ – May/June 2012	9706	Non I
(ii) Eau	lipment	2010	2011		w. Papacambridge. [3]
EQ EQ	1	6 000	4 800 1 <u>8 800</u> 1		1996
		<u>6 000</u> 1	<u>13 600</u>		[3]
(c)	S	tatement to sh	ow revised profit for t		
			2010	2011	
Original	net profit		86 000	94 000	
	k original denew deprec		11 500 1 of 17 000 1 of	23 500 1 of 27 850 1 of	
	net profit	lation	80 500	89 650	[4]
have a	heavier fall of the life of	in value in the	suited to non-current a e early years of their li then offset the decreas	ife. Repair and mai	ntenance costs
have a increase	heavier fall of the life of	in value in the	e early years of their li	ife. Repair and mai	ntenance costs arge.
have a increase (3 × 1 m (e) (i) Bar	heavier fall e of the life o a rk)	in value in the of the asset and \$ 24 100 <u>2 130</u> 1	e early years of their li then offset the decreas	ife. Repair and mai sing depreciation ch \$ 2 040 1 <u>24 190</u> 1	ntenance costs arge.
have a increase (3 × 1 m (e) (i) Bar	heavier fall e of the life o a rk) k	in value in the of the asset and \$ 24 100	e early years of their li then offset the decreas Wages Balance b/d	ife. Repair and mai sing depreciation ch \$ 2 040 1	ntenance costs arge.
have a increase (3 × 1 m (e) (i) Bar	heavier fall e of the life o a rk) k	in value in the of the asset and 24 100 <u>2 130</u> 1 <u>26 230</u>	e early years of their li then offset the decreas Wages Balance b/d Income statement	ife. Repair and mai sing depreciation ch 2 040 1 <u>24 190</u> 1 <u>26 230</u> 2 130	ntenance costs arge. [3]
have a increase (3 × 1 m (e) (i) Ban Bala	heavier fall of the life o a ark) k ance c/d	in value in the of the asset and \$ 24 100 _2 130 1	wages Balance b/d Income statement Balance b/d Insurance Balance b/d Insurance	ife. Repair and mai sing depreciation ch 2 040 1 <u>24 190</u> 1 <u>26 230</u> 2 130 \$ 130 1 660 1	ntenance costs arge. [3]
have a increase (3 × 1 m (e) (i) Ban Bala (ii) Ban	heavier fall of the life o a ark) k ance c/d	in value in the of the asset and \$ 24 100 <u>2 130</u> 1 <u>26 230</u> \$	e early years of their li then offset the decreas Wages Balance b/d Income statement Balance b/d Insurance Balance b/d	ife. Repair and mai sing depreciation ch 2 040 1 <u>24 190</u> 1 <u>26 230</u> 2 130 \$ 130 1	ntenance costs arge. [3]
have a increase (3 × 1 m (e) (i) Ban Bala (ii) Ban	heavier fall e of the life o a ark) k ance c/d	in value in the of the asset and $\begin{cases} $ 24\ 100\ $ 2\ 130\ 26\ 230\ 1\ 26\ 230\ 1\ 400\ \hline 1\ 400\ \hline 1\ 400\ \hline 6\ 10\ \hline 1\ 6\ 10\ \hline 1\ 6\ 1\ 0\ 1\ 0\ 1\ 0\ 1\ 0\ 0\ 0\ 0\ 0\ 0\ 0\ 0\ 0\ 0\ 0\ 0\ 0\$	wages Balance b/d Income statement Balance b/d Insurance Balance b/d Insurance	ife. Repair and mai sing depreciation ch 2 040 1 <u>24 190</u> 1 <u>26 230</u> 2 130 \$ 130 1 <u>660 1</u> <u>610 1</u> <u>1 400</u>	ntenance costs arge. [3]
have a increase (3 × 1 m (e) (i) Ban Bala (ii) Ban (iii)	heavier fall of the life o a ark) k ance c/d	in value in the of the asset and $\begin{cases} $ 24\ 100\ $2\ 130\ 26\ 230} \end{cases}$ 1 $\frac{$}{1\ 400}$ $\frac{1\ 400}{6\ 10}$	wages Balance b/d Income statement Balance b/d Insurance Balance b/d Insurance Balance b/d Income statement Balance c/d	ife. Repair and mai sing depreciation ch 2 040 1 <u>24 190</u> 1 <u>26 230</u> 2 130 \$ 130 1 <u>660 1</u> <u>610</u> 1	ntenance costs arge. [3]
have a increase (3 × 1 m (e) (i) Ban (ii) Ban (iii) Ban (iii) Ban Bala	heavier fall of the life o a ark) k ance c/d	in value in the of the asset and $\begin{cases} $ 24\ 100\ $ 2\ 130\ 26\ 230\ 1\ 26\ 230\ 1\ 400\ \hline 1\ 400\ \hline 1\ 400\ \hline 6\ 10\ \hline 1\ 6\ 10\ \hline 1\ 6\ 1\ 0\ 1\ 0\ 1\ 0\ 1\ 0\ 0\ 0\ 0\ 0\ 0\ 0\ 0\ 0\ 0\ 0\ 0\ 0\$	wages Balance b/d Income statement Balance b/d Insurance Balance b/d Insurance Balance b/d Income statement Balance c/d	ife. Repair and mai sing depreciation ch 2 040 1 <u>24 190</u> 1 <u>26 230</u> 2 130 \$ 130 1 <u>660 1</u> <u>610 1</u> <u>1 400</u>	ntenance costs arge. [3]

[3]

Page 5 Mark Sche GCE AS/A						Syllabus 9706	PapaCambridge.cor.
(b)		Job 787	•				Senny
Dir	ract la	abour	\$ 4 500	1			Tick
		naterial	4 500 500				30
	ime c		5 000	•			62
		overhead	<u>1 800</u> 6 800	1 of			
Ge	enera	administration 20%	<u>1 360</u>	1 of			
	otal co	ost	8 160				
	ofit		2 720				101
Se	elling	price	<u>10 880</u>	1 of			[6]
(c) (i)		150 000 / 500 000 =	30%	1			
	2	450 000 / 1 000 000 =		1			101
	3	360 000 / 900 000 =	40%	1			[3]
(ii)	1	150 000 / 120 000 =	\$1.25	1			
	2	450 000 / 225 000 =	\$2	1			
	3	360 000 / 200 000 =	\$1.80	1			[3]
(d)		Job 787					
	_		\$				
	ime c		500	0	5 000		
		ad Production ad Assembly	500 1 400	2 of			
		ad Packing	<u>1 170</u>				
		overhead	<u></u>	2 01	3 070		
	-				8 070		
		administration 20%			<u>1 614</u> 1 of		
	tal co	ost			9 684		
	ofit	orioo			<u>3 228</u> 1 of		[9]
- Se	lling	UNCE			<u>12 912</u> 1 of		191

- (e) (i) Management decision-making relies heavily on the provision of accurate information. Use of estimated data which could be inaccurate can lead to under / over absorption of overhead.
 - (ii) If the factory actual activity is less than the budgeted activity it faces under absorption of overhead. Not enough overhead is charged to each unit of production this may affect pricing decisions which may influence profitability.

If the factory actual activity is higher than the budgeted activity it faces over absorption of overhead – too much overhead may be charged – this may affect pricing decisions which may influence demand and revenue for the product.

1 mark each for mention of under or over absorption.2 marks each to a max of 4 for any other valid comment.[4]

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[Total: 30]