MARK SCHEME for the May/June 2013 series

9706 ACCOUNTING

9706/41

Paper 4 (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 should be read in conjunction with the question paper and the Principal Examiner Report for Teachers.

Cambridge will not enter into discussions about these mark schemes.

Cambridge is publishing the mark schemes for the May/June 2013 series for most IGCSE, GCE Advanced Level and Advanced Subsidiary Level components and some Ordinary Level components.



Page 2		Mark Scheme			Syllabu		er
	GCE	A LEVEL – N	/lay/June 20	2013 9706 4 ²			
• •	<u>s' capital accour</u> A B \$ \$	nts C \$		A \$	B \$	C \$	
Goodwill	45 000	45 000 (1)	Bal. b/d Goodwill Revaluatic	40 000 45 000 n 12 000	27 500 30 000 8 000	49 000 (1) 15 000 (1) 4 000 (1)	
Cash 47 Bal. c/d	000 (2) 000 (1)of (1)cf <u>20 500</u> 000 <u>65 500</u>	<u>23 000</u> (1) <u>68 000</u>	of Bal. b/d	<u>97 000</u>	<u>65 500</u> 20 500	<u>68 000</u> 23 000(1) of	[10]
(b) Income	statement and a	appropriation	account for t	he year ende	ed 31 Decer	<u>nber 2012</u>	
	rofit y adjustment d gross profit	\$ 250 000 <u>(10 000)</u> <u>240 000</u> (1)				
9 r	months to 30/9/2			3 months to			
Gross profit Salaries Sundry expenses Rent Electricity Loan interest	\$ 82 500 21 375 9 000 6 375	\$ 180 000		3 (2 1	60 00	00 (1) of (1) both (1) (1) (1)	
-	ions C A 2 400 (1)	(<u>119 250)</u> 60 750 (9 000) (1) of)	В	<u>(41 00</u> 19 00 (2 50	<u>0)</u>	
-	B 1 650 (1)				:05 (1)of <u>:30</u> (1)of <u>(43</u> <u>16 06</u>		
	B C	14 920 <u>7 460</u> (1) <u>44 760</u>	of		8 03 <u>8 03</u> <u>16 06</u>	<u>3</u> (1) of	[16]
	,	- 4 -					ניטן
	<u>s' current accou</u> A B \$ \$	n <u>ts</u> C \$	Bal. b/d Salaries Int. on cap.	A \$ 7 940 2 400	B \$ 4 675 2 500 1 855	C \$ 3 825 (1) 9 000 (1) 3 170(1)of	
Bal c/d	720 (1)of (1)cf <u>31 982</u> 720 <u>31 982</u>	<u>31 488</u> (1) <u>31 488</u>	Profits of Bal. b/d	22 380 <u>32 720</u>	22 952 <u>31 985</u> 31 982	15 493(1)of <u>31 490</u> 31 488(1)of	[8]

[8]

Page 3	Mark Scheme	Syllabus	Paper
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	Participating Preference Shares – Fixed rate of dividend if sufficient profit. (1) Arrears paid in later years if dividend not paid. (1) Dividend paid before ordinary share dividend. (1) Capital returned to investor prior to ordinary shareholder on winding up. (1) Convertible loan stock – Fixed interest rate. (1) Right to convert to shares at agreed price on agreed date. (1) Therefore usually lower interest rate than debentures. (1) Risk that market price may be lower than agreed price. (1) 1 mark for each valid point – maximum 3 for each term.
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[Total: 40]

[6]

2 (a) Statement of cost, accumulated depreciation and net book value at 31 December 2012

	\$000	
Cost at 1 January 2012 Additions Disposals Cost at 31 December 2012	2000 100 <u>(200)</u> <u>1900</u>	(1) (1)
Accumulated depreciation at 1 January 2012 Depreciation on disposals Charge for the year (1900 – $150 \times 10\%$) Accumulated depreciation at 31 December 2012	200 (50) <u>175</u> <u>325</u>	(1) (3 or 10F)
Net book value at 31 December 2012	1575	(1OF)
Net book value at 31 December 2011	1800	(1)

[8]

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(b) Manik Limited Income Statement for the year ended 31 December 2012

	\$000	
Revenue Cost of sales Gross profit	4000 <u>1000</u> 3000	(1, but must be labelled)
Administrative expenses (1700 – 20 (1) – 15 (1) + 175 (10F))	(1840)	
Distribution costs ($450 + 20$ (1)) Profit from operations	<u>(470)</u> 690	(1OF, must be labelled)
Loss on disposal of non-current asset	(5)	(10F)
Finance costs (300 $ imes$ 10%)	<u>(30)</u>	(1)
Profit before tax	655	(1OF, must be labelled)
Тах	<u>(365)</u>	(1)
Profit for the year attributable to equity holders	<u>290</u>	(1OF, must be labelled) [11]

(c) Statement of changes in equity for the year ended 31 December 2012

Details	Ordinary Shares \$000	Share Premium \$000	Retained Earnings \$000	Total \$000
At 31 December 2011	500 (1)	_	265 (1)	765
Shares issued	500 (1)	250 (1)		750
Profit for year attr. to equity holders			290 (1 OF)	290
Dividends paid			(75) (2)	(75)
At 31 December 2012	1000 (1)	250 (1)	480 (10F)	1730

[10]

Page 5	Mark Scheme		Syllabus	Paper
	GCE A LEVEL – May/June 201	3	9706	41
(d) Stateme	nt of financial position at 31 December 201	2		
		\$000		
Non-curi	rent assets			
Plar	at and machinery (NBV)	1575	(10F)	
Current				
	ntory	400		
	le receivables er receivables	385	(4)	
	h and cash equivalents	15 <u>170</u>	(1)	
045		970		
Current	liabilities			
	le payables	120		
Tax		365		
Othe	er payables (20 + 10)	<u>30</u> 515	(2)	
Non-curi	rent liability – Loan	<u>300</u>		
Net asse	ets	<u>1730</u>		
Equity				
	nary shares of \$1 each	1000	(1)	
	re premium	250	(1)	
	ained earnings	480	(10F)	n
Sna	reholders' funds	<u>1730</u>	(10F, if labelle	a) [8]
				႞ႄ႞

(e) Proposed dividends are a non-adjusting event (1)
 They are not included in the financial statements for the year ended 31 December 2012 (1)
 They are shown as a note to the accounts for that year (1)

[3]

[Total: 40]

Page 6	Mark Scheme						Syllabus	Paper	
	C	GCE A LEVEL – May/June 2013					9706	41	
3 (a) (i)	Jan	duction Bu	Feb		March		April	May	
Sales (units) + Closing invento	12 20	0 (1) 0	11 000 <u>2 200</u> 13 200	(1)	11 000 <u>2 400</u> 13 400	(1)	14 400	(1) 12 000 (1) <u>2 800</u> 14 800	(1)
 Opening inventor Budgeted production (units) 	10.20	_ 、 /	<u>2 200</u> <u>11 000</u>	(1of)	<u>2 200</u> <u>11 200</u>	(1of)	<u>2 400</u> <u>12 000</u>	<u>2 400</u> (1of) <u>12 400</u>	-
p								[1	1]
(ii) Purc	hases Bud	get							
Raw materials u + Closing inven – Opening inver	used (kilos) tory	Jan 5 10 <u>2 75</u> 7 85 2 55	<u>0</u> (1of) 0		Feb 5 500 <u>2 800</u> (1of 3 300 2 750	-)	March 5 600 <u>3 000</u> 8 600 2 800	April 6 000 f) <u>3 100</u> 9 100 <u>3 000</u>	(1of)
Budget purchas (value)		<u>2 53</u> 5 30 \$15 90	0)	5	550 6650 (1of	·) \$	5 800 5 800 517 400 (10	6 100	(1of)
								ſ	9]
(b) Value of 1 Januar	-	ods				\$			
Raw mat Finished	erials	(2550 × \$ (2000 × \$,		7 (<u>22 (</u> <u>29 (</u>	000	(1) (1)		
30 April 2 Raw mate Finished	erials	(3100 × \$ (2400 × \$			9 (<u>26 4</u> <u>35 7</u>	4 <u>00</u>	(1of) (1of)		41

[4]

Pa	ge 7	,	Mark Sch	eme		Syllabus	Pa	aper
			GCE A LEVEL – Ma	ay/June 201	3	9706	4	41
(c)	(i)		marised manufacturing accou			\$	ļ	
			ntory of raw materials at 1 Jar chases of raw materials	luary	<u>68</u>	7 650 <u>3 250</u> (1of) 5 900		
			entory of raw materials at 30 Ap	oril	<u>(9</u>	<u>300)</u> (1of) b	oth	
			t of raw materials consumed		66	600 (1)		
		•	400 × 1.5) ct labour and production overh	leads				
			$400 \times (11 - 1.5)]$		42	1 800 (1of)		
			t of production (44 400 × 11)		48	8 400 (2)		
								[6]
	(ii)	Sum	marised income statement for	four months	ending 30	April 2014		
		_		\$		\$		
			enue (44 000 units) entory of finished goods at			903 000	(1)	
			January	22 000				
			t of production	<u>488 400</u> 510 400	(1of)			
			entory of finished goods at 0 April	<u>(26 400)</u>	(1of) both	า		
			t of sales			<u>484 000</u>	(2)	
		Gro	ss profit			<u>419 000</u>	(1of)	[6]
(d)	— re — ca — ca	an be auses	ges s planning/co-ordination/comn a motivator s more efficient use of resource o cost control.					
	Oth	er se	nsible comment rewarded.		Any two ×	4 1 mark		
	— po — w — if	oor da ithou ⁻ unde	ntages ata lead to poor decisions t consultation budgets can be a manding can lead to underach use conflict.		r			
	Oth	er se	nsible comment rewarded.		Any two	× 1 mark		[4]
							[To	otal: 40]