CAMBRIDGE INTERNATIONAL EXAMINATIONS

GCE Advanced Subsidiary Level and GCE Advanced Level

MARK SCHEME for the October/November 2012 series

9706 ACCOUNTING

9706/21 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 should be read in conjunction with the question paper and the Principal Examiner Report for Teachers.

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1 (a) Calculation of purchases of goods for re-sale

	$	
Opening trade payables	(14 000)	
Payments to suppliers	88 600	**1**
Closing trade payables	13 600	**1**
Total goods for resale	88 200	**1**

[3]

(b) Calculation of total sales

	$	
Opening trade receivables	(18 000)	
Receipts from customers	132 900	**1**
Closing trade receivables	20 500	**1**
Credit sales	135 400	**1**
Add: cash sales	6 600	**1**
Total sales	142 000	**1**

N.B. Accept creditors and debtors control accounts for marks [5]

(c) Calculation of stock loss

		$	
Total sales		142 000	
Gross profit @ 40%		56 800	**1**
Cost of sales		85 200	**1**
Closing stock	$88 200 + $6 000 – $85 200 =	9 000	**2**
Actual stock @ cost	$14 000 × 60% =	8 400	**2**
Cost of stock lost		600	**1 of**

[7]

of = own figure

(d) Asset disposal of account

	$			$	
Cost of vehicle sold	16 000		Depreciation of vehicle (16 000 × 25% × 2)	8 000	**2**
Profit on disposal	600	**1of**			
			Bank	3 600	**1**
			Trade in allowance	5 000	**1**
	16 600			16 600	

[5]

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(e) Income statement for the year ended 30 June 2012

Sales			142 000		
Opening inventory	6 000				
Purchases	88 200				
Closing inventory	(9 000)				
Cost of goods sold			85 200		
Gross profit			56 800	**1 of**	
Profit on disposal of vehicle			600	**1 of**	
			57 400		
Provision for doubtful debts (20 500 × 3%)	615	**1**			
Stock loss	600	**1 of**			
Expenses (17 400 – 500 – 320)	16580	**2**			
Depreciation					
Fixtures					
(32 000 × 10%)	3 200	**1**			
Motor vehicles					
(65 000 – 16 000 + 20 000 × 25%)	17 250	**2**			
			38 245		
Net profit			19 155	**1 of**	[10]

[Total: 30]

2 (a)

	$			$		
Balance b/d	2 600	**1**	Balance b/d	6 300	**1**	
Income and expenditure	86 980	**1**	Bank	84 400	**1**	
			Bad debts	280	**1**	
Balance c/d	4 500	**1**	Balance c/d	3 100	**1**	
	94 080			94 080		[7]

(b) PPE Rowing Club
Income and Expenditure Account for the year ended 31 March 2012

	$		$	
Income				
Subscriptions	86 980	**1 of**		
Profit from competitions				
[12 200 – (3 100 + 800 – 300)]	8 600	**4**		
Profit from dinner dance				
[14 000 – (2 400 + 5 200)]	6 400	**3**		
Donations	1 500			
Interest	500	**1**		
			103 980	
Expenditure				
Insurance	9 800			
Clubhouse maintenance	10 300			
General expenses	29 800	**1**		
Electricity	1 600			
Bad debts	280	**1**		
Depreciation	40 000	**1**		
Loss on Sale of fixed asset	2 000	**1**		
			93 780	
Surplus of income			10 200	[13]

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(c)

PPE Rowing Club
Statement of Financial Position at 31 March 2012

	$	$	$	
Non current assets				
Clubhouse			150 000	
Equipment			140 000	
			290 000	**1**
Current assets				
Stock of prizes		300		
Subs owing		3 100		**1**
Interest owing		500		**1**
Deposit account		20 000		
Bank		10 500		**2**
		34 400		
Current liabilities				
Subscriptions in advance	4 500			**1**
General expenses owing	400			**1**
		4 900		
Working Capital			29 500	
			319 500	
Financed by				
Accumulated Fund			309 300	**2 OR 0**
Surplus of income			10 200	**1 of**
			319 500	

Award 1 for Accumulated Fund figure of $306 300 [10]

[Total: 30]

3 (a) (i)

	Basic	Deluxe	Super	Total	
Units	4 000	2 000	500		
X by Hours	3	5	8		
					2
Total labour hours	12 000	10 000	4 000	26 000	[2]

(ii) FOHRR – $\frac{\$39\,000\,\mathbf{1}}{26\,000\,\mathbf{1\ of}} = \$1.50$ per DLH **1 of** [3]

(iii)

	Basic $	Deluxe $	Super $	
Sales price	12	20	30	
Variable cost	6	14	16	
Contribution per unit	6	6	14	**1** × **3**

[3]

(iv)

	Basic $	Deluxe $	Super $	
Contribution per unit	6	6	14	
Labour hours	3	5	8	
Contribution per direct labour hour	2.00	1.20	1.75	**1** × **3**

[3]

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(b)

	Basic	Deluxe	Super
Order of priority	1	3	2
Sales	4 000	2 000	500
Hours per unit	3	5	8
Total hours	12 000	10 000	4 000
Hours left		8 400	
	1	**2**	**1**
Units	4 000	1 680	500

[4]

(c) (i) **Profit Statement**

	Basic	Deluxe	Super	
Sales (units)	4 000	1 680	500	
	$	$	$	
Sales income	48 000	33 600	15 000	
Less				
Variable costs	(24 000)	(23 520)	(8 000)	
Total cont.	24 000	10 080	7 000	**3**
Less Fixed costs	(18 000)	(12 600)	(6 000)	**3**
Net profit/loss	6 000	(2 520)	1 000	**1**

[7]

(ii)

Estimated FC	$39 000	**1**
Actual FC	36 600	**1 of**
OH underabs	2 400	**1 of**

[3]

(d)

	$
Sales price	100
Variable costs	95
Contribution	5

BEP = $\frac{\$10\,000}{5}$ **1** = 2 000 units **1** = $200 000 **1**

[3]

(e)

BEP = $10 000/5 =	2 000 units	
Less sales	2 200 units	
Margin of safety	200 units	**1**
Margin of safety (value)	$20 000	**1**

[2]

[Total: 30]

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