

CAMBRIDGE INTERNATIONAL EXAMINATIONS

GCE Advanced Subsidiary Level and GCE Advanced Level

MARK SCHEME for the May/June 2013 series

9706 ACCOUNTING

9706/11

Paper 1 (Multiple Choice – Core), maximum raw mark 30

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	Syllabus	Paper
	GCE AS/A LEVEL – May/June 2013	9706	11

<i>Question Number</i>	<i>Key</i>	<i>Question Number</i>	<i>Key</i>
1	C	16	B
2	D	17	C
3	C	18	B
4	C	19	B
5	B	20	D
6	B	21	C
7	D	22	C
8	C	23	C
9	C	24	A
10	A	25	C
11	A	26	C
12	B	27	D
13	D	28	B
14	C	29	A
15	C	30	A

CAMBRIDGE INTERNATIONAL EXAMINATIONS

GCE Advanced Subsidiary Level and GCE Advanced Level

MARK SCHEME for the May/June 2013 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.

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Page 2	Mark Scheme	Syllabus	Paper
	GCE AS/A LEVEL – May/June 2013	9706	21

1 (a) Income statement (trading section) from the year ended 31 March 2013.

	\$	\$	
Revenue		50 000	
Cost of sales			
Inventory (1 August 2012)	15 400		
Purchases	<u>23 000</u>		
	38 400		
Inventory (31 March 2013)	<u>13 200</u>		
		<u>25 200</u>	(1)
Gross profit		24 800	(1) [2]

(b) Gross profit percentage = $(24\,800 / 50\,000) \times 100 = 49.6\%$ [2]

(c) The gross margin obtained is less (worse) than planned.
 The cost of the goods purchased for resale may have been higher than anticipated.
 More wastage than anticipated.
 Theft of inventory or cash
 Closing inventory was understated
 Discount on selling price

Two marks per point – max of 4. [4]

(d) Income and Expenditure account for the year ended 31 March 2013

	\$	\$	
Profit on food and drink	24 800	(1)	OF
Subs (30 000 – 1600 – 400 + 1000 + 2600)	31 600	(2)	
Profit on concert (116 800 – 83 500 – 27 000)	6 300	(3)	62 700
Printing (14 000 – 2600 + 2800)	14 200	(1)	
Repairs	8 000		
Salaries (45 000 – 2800 + 1600)	43 800	(1)	
Sundry expenses	760	(1)	
Sponsorship	1 000		
Loan interest due	2 700	(1)	
Depreciation	34 000	(1)	
Loss on sale of equipment	2 000	(1)	
			<u>106 460</u>
Deficit of expenditure/income		<u>\$43 760</u>	[12]

Candidate may assume printing is for concert programmes in which case there would be a loss on the concert of \$7900.

Workings for depreciation: $(200\,000 - 40\,000 + 10\,000) \times 20\% = 34\,000$

Page 3	Mark Scheme	Syllabus	Paper
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(e) Statement of Financial Position at 31 March 2013

	\$	\$	\$
	<u>Cost</u>	<u>Depreciation</u>	<u>NBV</u>
Non-current (fixed) assets			
Equipment	170 000	66 000	104 000 (3)
Current assets			
Inventory	13 200		
Subscriptions in arrears	2 600		
Bank	<u>32 540</u> (2)		
		48 340	
Current liabilities			
Subscriptions prepaid	400		
Salaries accrued	1 600		
Interest accrued	2 700		
Printing accrued	<u>2 800</u>	<u>7 500</u>	<u>40 840</u>
			144 840
Non-current liabilities			
Loan			<u>30 000</u>
Net assets			<u>114 840</u>
Accumulated fund	158 600 (4)		
LESS Deficit I/E	<u>43 760</u> (1)(OF)		<u>114 840</u>

ACCUMULATED FUND CALCULATION

Award one mark for each pair correct to maximum of 4

Assets			
Equipment (200 000 – 40 000)		160 000	
Inventory		15 400	
Subscriptions due		<u>1 600</u>	
		177 000	
Less liabilities			
Salaries accrued	2 800		
Subscriptions prepaid	1 000		
Printing accrued	2 600		
Bank overdraft	<u>12 000</u>	<u>18 400</u>	
		158 600	[10]
			[Total: 30]

Workings for net depreciation: $40\,000 - 8\,000 + 34\,000 = 66\,000$.

Page 4	Mark Scheme	Syllabus	Paper
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2 (a) (i)

Machinery Account			
	\$		\$
Balance b/d	138 600	(1)	Disposal
Bank	11 500	(1)	Disposal
Bank	16 200		Disposal
	<u>166 300</u>		Balance c/d
			<u>134 700</u>
			<u>166 300</u>

[5]

(ii)

Provision for Depreciation of Machinery Account			
	\$		\$
Disposal	7 560	(1of)	Balance b/d
Disposal	5 760	(1of)	Income Statement
Disposal	8 640	(1of)	
Balance c/d	<u>54 486</u>	(1)	
	<u>76 446</u>		<u>76 446</u>

[6]

Workings for balance of depreciation: $(134\ 000 - 10\%) \times 20\% = 24\ 246$

(iii)

Machinery disposals Account			
	\$		\$
Machinery	14 000		Provision for Depreciation
Machinery	8 000		Bank
Machinery	9 600	(1)	Provision for Depreciation
			Bank
			Provision for Depreciation
			Bank
	<u>31 600</u>		850
			Income Statement
			<u>370</u> (1of)
			<u>31 600</u>

[6]

(b) Reducing balance method (1), revaluation (1) or any other valid method.

[2]

(c) Time, wear and tear, obsolescence, depletion (any 3 for 1 mark each).

[3]

(d)

Receipts	January	February	March	
Receipts from customers	12 000	10 000	12 000	(1)
Payments				
Payments to suppliers	10 000	4 000	6 000	(1)
	4 000	6 000	8 000	(1)
Other expenses	5 000	5 000	5 000	(1)
	19 000	15 000	19 000	
Opening bank balance	800 (1)	(6200)	(11200)	
Net cash flow	(7 000)	(5 000)	(7 000)	
Closing bank balance	(6 200)	(11 200)	(18 200) (1of)	

[6]

(e) Delay payment to suppliers; reduce expenses if possible; take deposits from customers; offer settlement discounts (2 × 1 mark). [2]

[Total: 30]

Page 6	Mark Scheme	Syllabus	Paper
	GCE AS/A LEVEL – May/June 2013	9706	21

3 (a)

Revenue (total costs × 1.25)		\$ 2 768 750 (2of)	
Direct material	\$ 310 000 (1)		
Direct labour – Department A	320 000 } (1)		
Direct labour – Department B	180 000 } (1)		
Production overhead – Department A	520 000 } (1)		
Production overhead – Department B	480 000 } (1)		
Administration overhead	<u>405 000</u> } (1)	<u>2 215 000</u>	
Profit for the year		<u>553 750</u> (1of)	[9]

(b) (i) \$520 000 / 32 000 hours = \$16.25 per direct labour hour **[2]**

(ii) \$480 000 / 20 000 hours = \$24.00 per direct labour hour **[2]**

(iii) \$405 000 / \$810 000 = 50% of direct production costs **[2]**

(c)

		\$	
Direct material	5 625 × \$2.48	13 950 (1)	
Direct labour – Department A	1 500 × \$10.00	15 000 (1)	
Direct labour – Department B	1 200 × \$9.00	10 800 (1)	
Production overhead – Department A	1 500 × \$16.25	24 375 (1of) 2(of)	
Production overhead – Department B	1 200 × \$24.00	28 800 (1of) 2 (of)	
Administration overhead	\$39 750 (1) × 50%	19 875 (1of)	
Total costs		112 800 (2 + 1of)	[11]

(d) \$112 800 (1of) × 1.25 (2) = \$141 000 (1of)

OR \$112 800 (1of) + 28 200 (2) = \$141 000 (1of) **[4]**

[Total: 30]