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UNIVERSITY OF CAMBRIDGE INTERNATIONAL EXAMINATIONS

GCE Advanced Subsidiary Level and GCE Advanced Level

MARK SCHEME for the October/November 2009 question paper for the guidance of teachers

9706 ACCOUNTING

9706/22 Paper 22 (Structured Questions), maximum raw mark 90

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1 (a) The amount of a liability may be determined with some accuracy **(1)** e.g. rent accrued at the year-end (or other relevant example) **(1)** whereas the amount of a provision is not readily determinable **(1)**.

Any three to a maximum of [3]

(b) Total sales:

	+$000	–$000	$000	
Paid into bank			2 950	
Sale of furniture and equipment		50		
Cash used for expenses	152			**1**
Cash taken for drawings	70			**mark**
Debtors at beginning of year		610		**for**
Debtors at end of year	400			**any**
Cash at beginning of year		6		**two**
Cash at end of year	5			
	627	666	(39)	
			2 911	

Any reasonable format is acceptable [4]

(c) Bank account

	$000	$000	$000	
Balance b/f			(210)	**1**
Takings (2 950 – 50)	2 900		2 690	**mark**
Furniture and equipment	50		2 740	**for**
Paid creditors		1 750	990	**any**
Expenses		810	180	**two**
Interest		30	150	

Does not need to be in account format [3]

(d) Trading and profit and loss account for the year ended 30 April 2009

	$000	$000	
Sales		2 911	**(1 of)**
Less cost of sales			
Opening stock	1 500		
Add purchases (1 750 + 510 – 920)	1 340		**(2)**
	2 840		
Less closing stock	720	2 120	
Gross profit		791	
Add profit on sale of furniture and equipment		2	**(1)**
		793	
Expenses (810 – 98 + 90 + 152)	954		**(3)**
Interest paid	30		**(1)**
Depreciation			
Furniture & equipment (208 – 48) × 25%	40		**(2)**
Motor vehicle (12 × 25%)	3		**(1)**
Provision for doubtful debts (400 × 4%)	16	1 043	**(1)**
Net loss		–250	[12]

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(e) Summary of balance sheet at 30 April 2009

	$000	$000	$000		
Fixed assets					
Furniture and equipment (208 – 48 – 40)			120	**(2)**	
Motor vehicle (12 – 3)			9	**(1)**	
			129		
Current assets					
Stock		720			
Debtors (400 – 16)		384		**(1)**	
Bank		150		**(1 of)**	
Cash		5	1 259		
			1 388		
Financed by:					
Capital at 1 May 2008			1 096		
Motor vehicle introduced			12	**(1)**	
			1 108		
Less					
Net loss		250		**(1 of)**	
Drawings		70	320	**(1)**	
			788		
Current liabilities					
Creditors for supplies		510			
Creditors for expenses		90	600		
			1 388		[8]

[Total: 30]

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2 (a) (i) Furniture and equipment account

		$000				$000		
2008				2008				
1 May	Balance b/d	2 970	**(1)**	3 Sep	Disposal	300	**(1)**	
1 June	Bank	540	**(1)**	2009				
3 Dec	Bank	80	**(1)**	30 Apr	Balance c/d	3 290		
		3 590				3 590		
2009								
1 May	Balance b/d	3 290	**(1)**					[5]

(ii) Motor vehicles account

		$000				$000		
2008				2009				
1 May	Balance b/d	1 800	**(1)**	1 Feb	Disposal	56	**(1)**	
2009								
1 Feb	Bank	240	**(1)**	30 Apr	Balance c/d	1 984		
		2 040				2 040		
1 May	Balance b/d	1 984	**(1)**					[4]

(iii) Provision for depreciation on furniture and equipment account

		$000				$000		
2008				2008				
3 Sep	Disposal	90	**(1)**	1 May	Balance b/d	897	**(1)**	
2009				2009				
30 Apr	Balance c/d	1 136		30 Apr	Profit & loss	329	**(1)**	
		1 226				1 226		
				1 May	Balance b/d	1 136	**(1)**	[4]

(iv) Provision for depreciation on motor vehicles account

		$000				$000		
2009				2008				
1 Feb	Disposal	42	**(1)**	1 May	Balance b/d	840	**(1)**	
				2009				
30 Apr	Balance c/d	1 294		30 Apr	Profit & loss	496	**(1)**	
		1 336				1 336		
				1 May	Balance b/d	1 294	**(1)**	[4]

(v) Disposal of furniture and equipment account

		$000				$000		
2008				2008				
3 Sep	Asset a/c	300	**(1)**	3 Sep	Depreciation	90	**(1)**	
					Bank	132	**(1)**	
					Profit & loss	78	**(1 of)**	
		300				300		[4]

(iv) Disposal of motor vehicle account

		$000				$000		
2009				2009				
1 Feb	Asset a/c	56	**(1)**	1 Feb	Depreciation	42	**(1)**	
	Profit & loss	6	**(1 of)**		Bank	20	**(1)**	
		62				62		[4]

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(b) Depreciation is an expense used to spread the **net** cost of a fixed asset over its useful life. If, for example, a motor vehicle costing $10 000 is expected to last for five years after which its scrap value will be $1 000, then its net cost will be $(10 000 – 1 000) = $9 000. Using straight-line depreciation, an annual charge of $9 000/5 - $1 800 would be made in the profit and loss account.
There are various correct answers, too numerous to show here. [max. 5]

[Total: 30]

3 (a) (i) DATA for P235

	MACHINE A	MACHINE B	MACHINE C	
Order quantity	3 000	3 000	3 000	
Production rate per hour	100	150	200	
Operating hours	30	20	15	
Number of operators	4	5	6	
Direct labour hours worked	120	100	90	
COSTS FOR P235				
	$	$	$	
Direct materials (A × 300/100)	9 000	9 000	9 000	**(3)**
Direct labour (Ex 10.50)	1 260	1 050	945	**(3)**
Variable overheads (Ex 12)	1 440	1 200	1 080	**(3)**
Setup	200	330	600	**(1)**
	11 900	11 580	11 625	**(3 of)**

(ii) Use machine B as it costs least. **(1 of)** [14]

(b) NEW DATA FOR P235

	MACHINE A	MACHINE B	MACHINE C	
Order quantity	3 000	3 000	3 000	
Production rate per hour	120	180	240	
Operating hours	25	16.67	12.50	
Number of operators	5	6	7	
Direct labour hours worked	125	100	87.50	
AMENDED COSTS FOR P235				
	$	$	$	
Direct materials	8 100	8 100	8 100	**(3)**
Direct labour	1 312.50	1 050	918.75	**(3)**
Variable overheads	1 500	1 200	1 050	**(3)**
Setup	200	330	600	
	11 112.50	10 680	10 668.75	**(3 of)**

[12]

(c) (i) Advise use C as now cheapest. **(2 of)**

(ii) Retain additional operator as this brings costs down. **(2 of)** [4]

[Total: 30]

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