

UNIVERSITY OF CAMBRIDGE INTERNATIONAL EXAMINATIONS  
GCE Advanced Subsidiary Level and GCE Advanced Level

**MARK SCHEME for the May/June 2010 question paper  
for the guidance of teachers**

**9706 ACCOUNTING**

**9706/23**

Paper 23 (Structured Questions (Core)),  
maximum raw mark 90

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**1 WORKINGS**

1 Calculation for trade receivables (debtors)

	\$		\$	
Bal b/d	46 400	Bank	424 000	
Sales	<u>393 400</u>	Trade rec.	<u>15 800</u>	<b>1of</b>
	439 800		439 800	(awarded in <b>(d)</b> )

2 Calculation of opening capital

	\$	\$	
	Dr	Cr	
Trade payables (creditors)		29 200	
Bank		15 000	
Trade receivables (debtors)	46 400		
Inventory (stock)	24 400		
Machinery at net book value	206 400		
Capital		<u>233 000</u>	<b>1 + 1of</b>
	<u>277 200</u>	277 200	(awarded in <b>(d)</b> )

3 Calculation of depreciation

Machinery at NBV 30/04/09		206 400	<b>1</b>
add machinery purchased		<u>30 400</u>	<b>1</b>
		236 800	
less NBV of Machinery sold	5 600		<b>1</b>
Machinery at NBV 30/04/10	<u>216 000</u>	<u>221 600</u>	<b>1</b>
		15 200	(awarded in <b>(c)</b> )

**(a)** Calculation of ordinary goods purchased for the year

	\$		
Ordinary goods purchased for cash	228 000	<b>1</b>	
less trade payables at start	<u>29 200</u>	<b>1</b>	
	198 800		
add trade payables at end	<u>32 200</u>	<b>1</b>	
	231 000		<b>[3]</b>

**(b)** Calculation for sales for the year

Cost of sales			
Opening inventory (stock)	24 400	<b>1</b>	
Ordinary goods purchased	<u>231 000</u>	<b>1of</b>	
	255 400		
Less closing inventory (stock)	<u>30 600</u>	<b>1</b>	
	<u>224 800</u>	<b>1</b>	
Sales = 224 800 × 1.75 (mark-up)	393 400	<b>1</b>	<b>[5]</b>

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**(c)** Income statement (trading and profit and loss account)  
for the year ended 30 April 2010

	\$	\$	
Sales		393 400	<b>1of</b>
cost of sales		<u>224 800</u>	
Gross profit		168 600	
Rent (24 200 – 6200)	18 000		<b>2</b>
Insurance (14 200 – 3400)	10 800		<b>2</b>
Wages (104 200 – 28 000)	76 200		<b>2</b>
Postage	800		<b>1</b>
Electricity	8 400		<b>1</b>
Sundries	4 200		<b>1</b>
Depreciation	15 200		<b>3 + 1of</b>
Loss on disposal (5600 – 1000)	4 600	<u>138 200</u>	<b>2</b>
Profit for the year (net profit)		<u><u>30 400</u></u>	<b>[16]</b>

**(d)** Balance Sheet at 30 April 2010

	\$	\$	\$	
Non-current (fixed) assets				
Machinery at net book value			216 000	
Current assets				
Inventory (stock)	30 600			
Trade receivables (drs)	15 800			<b>1</b>
Prepayments	<u>9 600</u>	56 000		
Current liabilities				
Trade payables (crs)	32 200			
Bank	<u>5 400</u>	<u>37 600</u>	<u>18 400</u>	<b>1</b>
			<u>234 400</u>	
Capital at 1 May 2009			233 000	<b>1 + 1of*</b>
Profit for year (net profit)			<u>30 400</u>	<b>1of</b>
			263 400	
Drawings (28 000 + 1000)			<u>29 000</u>	<b>1</b>
			<u>234 400</u>	<b>[6]</b>

\* If capital is calculated as a residual value within the balance sheet, award **1of** if wrong value but correctly calculated.

**[Total: 30]**

2 (a) Sales Ledger Control Account

	\$			\$	
Balance 1 April 2009	29 040	1	Sales returns	9 878	1
Sales	499 892	1	Bank	462 680	1
Bank (dishonoured cheque)	662	1	Discount allowed	21 404	1
			Bad debts	9 510	1
			Contra	1 153	1
			Balance 31 Mar 2010	<u>24 969</u>	1
	<u>529 594</u>			<u>529 594</u>	
Balance 1 April 2010	24 969	1of			[10]

(b) (i) Amended sales ledger control account

	\$			\$	
Balance b/d	24 969		Credit note corrected	840	1
Dis all'd overstated	310	1	Debit bal transferred		
Sales omitted	998	1	to purchases ledger	698	1
Extra sales	<u>3 856</u>	1	Balance c/d	<u>28 595</u>	1
	<u>30 133</u>			<u>30 133</u>	
Bal b/d	28 595				[6]

OR

If candidate draws up a **new** as opposed to an **amended** SLC account, accept as follows.

	\$			\$	
Balance	29 040		Cr note corrected	420	} for both
Cr sales	499 892				
Sales omitted	998	1			
Extra sales	3 856	1			
			Sales returns	9 878	
			Cr note corrected	420	
Bank (dis cheque)	662		Bank	462 680	
Dis all overstated	310	1	Dis allowed	21 404	
			Bad debts	9 510	
			Contra	1 153	
			Contra	698	1
			Balance	28 595	1
	534 758			534 758	[6]

(ii)	\$	\$	\$	
Sales ledger total	add	less	26 845	
Sales invoice omitted	998			1
Balance omitted	2 102			1
Entry omitted	816			1
Balance understated	<u>200</u>		<u>4 116</u>	1
			30 961	
Credit note corrected		840		1
Bankrupt		896		1
Entry omitted		<u>630</u>	<u>2 366</u>	1
			<u>28 595</u>	1

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- (c) Minimize fraud/make fraud easier to find.  
 Minimize time taken to find errors/make errors easier to find.  
 Figures for total creditors/debtors easily available.  
 Sectional ledgers make checking easier.  
 Control accounts not handled by sales/purchases ledger clerk.

Any **three** answers for **2** marks each.

[6]

[Total: 30]

**3 DATA**

	Cabinet 1	Cabinet 2	Cabinet 3
Variable cost	400	240	220
Fixed cost	8 000 000	36 000 000	79 200 000
Selling price	500	480	520

**ANSWERS**

<b>(a)</b>	<b>(i)</b>	<b>(ii)</b>	[6]
	1	1	
	2	2	

$$\frac{36\,000\,000}{400 - 240} = 225\,000$$

$$\frac{79\,200\,000}{400 - 220} = 440\,000$$

- (b)** Difference in fixed costs divided by difference in unit contribution

$$\frac{79\,200\,000 - 36\,000\,000}{(520 - 220) - (480 - 240)} = \frac{43\,200\,000}{60} = 720\,000$$

<b>(c)</b>	Cabinet 1	Cabinet 2	Cabinet 3	
	Units			
<b>(i)</b>	200 000 × (500 – 400) – 8M	× (480 – 240) – 44m	× (520 – 220) – 87.2m	
	= \$12 000 000	= \$4 000 000	= \$–27 200 000	<b>1 each max 3</b>
<b>(ii)</b>	250 000 × (500 – 400) – 8M	× (480 – 240) – 44m	× (520 – 220) – 87.2m	
	= \$17 000 000	= \$16 000 000	= \$–12 200 000	<b>1 each max 3</b>
<b>(iii)</b>	300 000 × (500 – 400) – 8M	× (480 – 240) – 44m	× (520 – 220) – 87.2m	
	= \$22 000 000	= \$28 000 000	= \$2 800 000	<b>1 each max 3</b>

[9]

- (d)** Extra fixed cost divided by (unit contribution on cabinet 2 less contribution on cabinet 1)

$$\frac{36\,000\,000}{(480 - 240) - (500 - 400)} = 257\,143$$

[5]

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- (e) Unit selling price remains constant.  
Unit variable costs remain constant.  
Sales mix remains constant.  
Total fixed costs do not change.  
There are no semi-variable costs.  
All production is sold.

Any **four** correct for **1** mark each.

**[4]**

**[Total: 30]**