#### **Location Entry Codes**

www.tiremepapers.com As part of CIE's continual commitment to maintaining best practice in assessment, CIE has begun to use different variants of some question papers for our most popular assessments with extremely large and widespread candidature, The question papers are closely related and the relationships between them have been thoroughly established using our assessment expertise. All versions of the paper give assessment of equal standard.

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The content assessed by the examination papers and the type of questions are unchanged.

This change means that for this component there are now two variant Question Papers. Mark Schemes and Principal Examiner's Reports where previously there was only one. For any individual country, it is intended that only one variant is used. This document contains both variants which will give all Centres access to even more past examination material than is usually the case.

The diagram shows the relationship between the Question Papers, Mark Schemes and Principal Examiner's Reports.

#### Mark Scheme **Question Paper Principal Examiner's Report** Introduction Introduction Introduction **First variant Question Paper** First variant Mark Scheme First variant Principal Examiner's Report Second variant Question Paper Second variant Mark Scheme Second variant Principal Examiner's Report

#### Who can I contact for further information on these changes?

Please direct any questions about this to CIE's Customer Services team at: international@cie.org.uk

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

### MARK SCHEME for the May/June 2009 question paper

#### for the guidance of teachers

# 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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UNIVERSITY of CAMBRIDGE International Examinations

Pag	je 2		heme: Teache		Syllabus	5	Paper
		GCE A/A	S LEVEL – May	/June 2009	9706		21
(a)	Tradin	g and Profit and L	oss account for	the year ended	31 March 2009		
	Calaa			\$	\$		
	Sales	ost of sales			835 560	3	
		ng stock		82 150	635 500	3	
		urchases		<u>631 090</u>		4	
	auu F	urchases		713 240		4	
	less C	losing stock		<u>76 500</u>	<u>636 740</u>		
	Gross			<u> </u>	<u>198 820</u>	1	of
		unt received			<u>19 000</u>	1	01
	Discot				217 820	•	
	less E	xpenses			217 020		
		k rates		12 590			
	Electri			17 145			
	Adver	-		19 325			
	Wage			65 100			
		commission		14 250			
	Depre	ciation		<u>13 500</u>	<u>141 910</u>	1	
	Net pr	ofit			<u>75 910</u>	1 + 1	of [12
(b)	Fixed Premis Fixture Vehicl Currer Stock Debto Bank Cash	es es nt assets	rch 2009 76 500 60 870 17 930 510	155 810	200 000 18 000 <u>22 500</u> 240 500	1	
	Credit			71 200		1	
		irrent assets		11200	84 610		
					<u>325 110</u>		
	Capita	al at start			277 700	4	
	Net pr				<u>75 910</u>	1	
	•				353 610		
	Drawii	ngs			28 500	1	
					<u>325 110</u>		[

Page	e 3	Marl	Scheme: Teache	ers' version	Syllabus	Paper	•
<b>U</b>			A/AS LEVEL – Ma		9706	21	
(c) (i)	Profite	bility ratios	2008	2009			
	TTOILE	ionity ratios	2000	2000			
	GP rat	tio	19.63 %	23.79 %			
	NP Ra	atio	5.24 %	9.08 %			
	RoCE		15.48 %	23.35 %			
	OR		17.20 %	27.34 %			
	OR Fiz	eturn on Equity xed Asset Turr for 1 mark eac	nover	al Assets <b>OR</b> Operati	ng Expenses ov	er Sales	[2]
(ii)	Liquid	ity ratios					
	Currer	nt ratio	1.19 :1	2.19 :1		1	
	Liquid	ratio	0.53 :1	1.11 :1		1	
	Drs tu	rnover	29.53 days	26.59 days		1	
	Any 2	for 1 mark eac	ch				[2]
(iii)				years' ratios, with a re for conclusion based			[5]
						[Total:	: 30]
2 A (a)	рі	/ithout this acc ofits may be c ssets may be c	ver-stated;				

 (ii) Monitoring previous years' bad debts in general; monitoring individual debtors' accounts.
[2]

following the above, the businessman may take more as drawings than he should. [2]

(iii) A bad debt should be written off when it becomes bad, whereas a provision is set up to cover doubtful debts. [2]

### First variant Mark Scheme

Page 4		Mark Scheme	e: Teachers'	version	Sv	llabus		Paper
	G	CE A/AS LE	VEL – May/Ju	une 2009		9706		21
(b) (i)	Date Provision fo 2008	Details or doubtful det	ots account	Dr \$	Cr \$	Bal \$		
	01 April 2009	Balance b/	d		8000	8000	Cr	
	31 Mar	Profit and I	LOSS	1850		6150	Cr	[3
(ii)	Bad debts a 2008	account						
	31 May 30 June 2009	Liew Uriah		720 1625		720 2345	Dr	
	28 Feb 31 Mar	Sundry del Profit & Los		300	2645	2645 0		[4
(iii)	Bad debts ı 2009	recovered acc	ount					
	31 March	Khalil Profit & Lo	SS	3000	3000	3000 0	Cr	[2
Alterna	ative presen	tation of (b)						
(b) (i)	2009	Provis	ion for doubtfu	ul debts acc 2008	count			
	31 Mar	P & L Bal c/d	1850 <u>6150</u> <u>8000</u>	1 Apr	Bal b/d	8000 	2 1	
				2009 1 Apr	Bal b/d	6150		[3
(ii)	2008		Bad debts a	account				
	31 May 30 Jun	Liew Uriah	720 1625	2000			1 1	
	2009 28 Feb	Debtors	<u>    300</u> 2645	2009 31 Mar	P&L	<u>2645</u> 2645	2	[4
(iii)	0000	Bac	d debts recove		nt			
	2009 31 Mar	P & L	3000	2009 31 Mar	Khalil	3000		[2

	Pad	ge 5	Mark S	Scheme: Teachers	s' version	Syllabus	Pap	er
				AS LEVEL – May/		9706	21	_
в	(a)			ge <b>added</b> to cost t e <b>deducted</b> from t		rice. to find the cost pri	1 ce. 1	
		-	other correct and			·		[2]
	(b)	Stock a add	t 8 June 2009 Sales Drawings Purchases re	eturns	\$ 19 800 700 <u>510</u>	\$ 72 200 <u>21 010</u>	2 1 1	
		less Correct	Purchases Sales returns Water dama Out of fashic Sale or retur For collection valuation at 31 I	ged on n n	21 200 210 300 400 950 <u>1 200</u>	93 210 <u>24 260</u> <u>68 950</u>	1 2 1 1 2	[13]
				,				
							[Tota	al: 30]
3	(a)	less co Direct Direct Variab	materials labour le overheads overheads	40 8 10 <u>11</u>		80 <u>69</u> 11	1 1 1 1 1	
		Total a	annual profit	Multiplied by	<u>    150 0</u> <u>1 650 0</u>		1 + 1 of	[7]
		less to Direct Direct Variab	elling price tal costs materials labour le overheads overheads	6 000 000 1 200 000 1 500 000 <u>1 650 000</u>	12 000 0 10 350 0		1 1 1 1	. 1
			annual profit	1 000 000	<u>1 650 0</u>		1 + 1 of	[7]

Page 6	Mark Scheme: Teachers' version			Syllabus	Paper
	GCE A/	AS LEVEL – N	lay/June 2009	9706	21
(b)	Normal sh	nift	Extra shift		
()	\$	\$	\$	\$	
Unit SI		75	·	75	2
DM	34		34		2
DL	8		10		2
VO	<u>10</u>	<u>52</u> 23	<u>11</u>	<u>55</u> 20	2
Units s	old	150 000		50 000	
Total c	ontribution	3 450 000		1 000 000	2
Full co	ntribution	4 450 000			1
Fixed of	costs	<u>2 650 000</u>			2
Profit		1 800 000			1
Origina	al profit	<u>1 650 000</u>			1
Additic	onal profit	150 000			1+1 of [

- (C) 1 Are extra workers available?
  - 2 Can new workers be trained?

  - 3 Is it worth training workers for what might be a one-off situation?4 There may be additional costs of transport and administration to be considered.
  - 5 Additional maintenance of equipment?
  - 6 Can quality be maintained? Etc

Any three answers award 2 marks each to a maximum

[6]

[Total: 30]

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

### MARK SCHEME for the May/June 2009 question paper

#### for the guidance of teachers

# 9706 ACCOUNTING

9706/22

Paper 2 (Structured Questions – Core), maximum raw mark 90

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UNIVERSITY of CAMBRIDGE International Examinations

Page	e 2 Mark	Scheme: Teache	rs' version	Syllabus	5	Paper
	GCE A	AS LEVEL – May	y/June 2009	9706		22
(a)	Trading and Profit and	d Loss account for	the year ended	31 March 2009		
	C C		\$	\$		
	Sales					
	less cost of sales			835 560	3	
	Opening stock		82 150			
	add Purchases		<u>631 090</u>		4	
			713 240			
	less Closing stock		76 500	<u>636 740</u>		_
	Gross profit			198 820	1	of
	Discount received			<u>19 000</u>	1	
				217 820		
	less Expenses					
	Rent & rates		12 590			
	Electricity		17 145			
	Advertising		19 325			
	Wages		65 100			
	Sales commission		14 250	444.040		
	Depreciation Net profit		<u>13 500</u>	<u>141 910</u> 75 910	1 1 + 1	of [1
						-
(b)	Balance Sheet at 31		•			
		\$	\$	\$		
	Fixed assets					
				000 000		
	Premises			200 000		
	Premises Fixtures			18 000		
	Premises			18 000 22 500	4	
	Premises Fixtures Vehicles			18 000	1	
	Premises Fixtures Vehicles Current assets	76 500		18 000 22 500	1	
	Premises Fixtures Vehicles Current assets Stock	76 500		18 000 22 500	1	
	Premises Fixtures Vehicles Current assets Stock Debtors	60 870		18 000 22 500	1	
	Premises Fixtures Vehicles Current assets Stock Debtors Bank	60 870 17 930	155 810	18 000 22 500		
	Premises Fixtures Vehicles Current assets Stock Debtors Bank Cash	60 870	155 810	18 000 22 500	1	
	Premises Fixtures Vehicles Current assets Stock Debtors Bank Cash Current liabilities	60 870 17 930		18 000 22 500	1	
	Premises Fixtures Vehicles Current assets Stock Debtors Bank Cash Current liabilities Creditors	60 870 17 930	155 810 <u>71 200</u>	18 000 <u>22 500</u> 240 500		
	Premises Fixtures Vehicles Current assets Stock Debtors Bank Cash Current liabilities	60 870 17 930		18 000 22 500	1	
	Premises Fixtures Vehicles Current assets Stock Debtors Bank Cash Current liabilities Creditors	60 870 17 930		18 000 <u>22 500</u> 240 500 <u>84 610</u>	1	
	Premises Fixtures Vehicles Current assets Stock Debtors Bank Cash Current liabilities Creditors Net current assets	60 870 17 930		18 000 <u>22 500</u> 240 500 <u>84 610</u> <u>325 110</u>	1 1	
	Premises Fixtures Vehicles Current assets Stock Debtors Bank Cash Current liabilities Creditors Net current assets Capital at start	60 870 17 930		18 000 <u>22 500</u> 240 500 <u>84 610</u> <u>325 110</u> 277 700	1 1 4	
	Premises Fixtures Vehicles Current assets Stock Debtors Bank Cash Current liabilities Creditors Net current assets Capital at start	60 870 17 930		18 000 <u>22 500</u> 240 500 <u>84 610</u> <u>325 110</u> 277 700 <u>75 910</u>	1 1 4	

Page	<del>)</del> 3	Mark	Scheme: Teach	ners' version	Syllabus	Paper	,
			A/AS LEVEL – M		9706	22	
(c) (i)	Profita	ability ratios	2008	2009			
	GP ra	tio	19.63 %	23.79 %			
	NP Ra	atio	5.24 %	9.08 %			
	RoCE <b>OR</b>		15.48 % 17.20 %	23.35 % 27.34 %			
	OR Fi	eturn on Equity xed Asset Turr for 1 mark eac	nover	otal Assets <b>OR</b> Operati	ng Expenses ov	er Sales	[2]
(ii)	Liquid	ity ratios					
	Curre	nt ratio	1.19 :1	2.19 :1		1	
	Liquid	ratio	0.53 :1	1.11 :1		1	
	Drs tu	rnover	29.53 days	26.59 days		1	
	Any 2	for 1 mark eac	h				[2]
(iii)		•		o years' ratios, with a re 1 for conclusion based			[5]
						[Total:	30]
2 A (a)	p a:	Vithout this acc rofits may be o ssets may be o ollowing the abo	ver-stated; over-stated;	man may take more as	s drawings than h	ne should.	[2]

- (ii) Monitoring previous years' bad debts in general; monitoring individual debtors' accounts.
  [2]
- (iii) A bad debt should be written off when it becomes bad, whereas a provision is set up to cover doubtful debts. [2]

## Second variant Mark Scheme

Page 4		Mark Scheme	e: Teachers'	version	Sy	llabus		Paper	
	G	CE A/AS LE	VEL – May/Jı	ine 2009		9706		22	
(b) (i)	Date Provision fo 2008	Details or doubtful del	ots account	Dr \$	Cr \$	Bal \$			
	01 April 2009	Balance b/	d		8000	8000	Cr		
	31 Mar	Profit and I	LOSS	1850		6150	Cr	[(	
(ii)	Bad debts a 2008	account							
	31 May	Liew		720		720	Dr		
	30 June 2009	Uriah		1625		2345			
	28 Feb	Sundry det		300	0045	2645		۲.	
	31 Mar	Profit & Los	SS		2645	0		[4	
(iii)	2009	ecovered acc	ount						
	31 March	Khalil Profit & Lo:	SS	3000	3000	3000 0	Cr	[2	
(b) (i)	2009 31 Mar	Provis P & L Bal c/d	ion for doubtfu 1850 <u>6150</u>	ul debts acc 2008 1 Apr	count Bal b/d	8000	2 1		
		Dai 6/a	8000			8000			
				2009 1 Apr	Bal b/d	6150		[3	
(ii)	2008		Bad debts a	account					
	31 May 30 Jun	Liew Uriah	720 1625	2000			1 1		
	2009 28 Feb	Debtors	<u>    300</u> 2645	2009 31 Mar	P&L	<u>2645</u> 2645	2	[4	
(iii)		Bad	d debts recove		nt				
	2009 31 Mar	P&L	3000	2009 31 Mar	Khalil	3000		[2	
	51110			e i mai		0000		Ľ	

	Par	je 5	Mark Schem	e: Teachers' versi	on		Syllabus	Pape	er
		,		VEL – May/June 2			9706	22	/ <b>-</b>
в	(a)	Mark-u	p is the percentage <b>adc</b>	led to cost to find s	ellina	price.		1	
_	()				•		the cost pri		
		-	is the percentage dedu	icted from the semi	ig pri		the cost ph	ice. 1	
		Or any	other correct answer.						[2]
	(b)	Stock a add	at 8 June 2009 Sales Drawings Purchases returns			<u>21</u>	\$ 200 <u>010</u> 210	2 1 1	
		less	Purchases Sales returns Water damaged Out of fashion Sale or return	2	210 300 400 950			1 2 2 1 1	
		Correc	For collection t valuation at 31 May 20		<u>200</u>		<u>260</u> 950	2	[13]
								[Tota	l: 30]
3	(a)	(i) E	Break-even in units	<u>240 000 (1)</u> = 1 12 (1) – 10 (1)	20 00	)0 units <b>(</b> '	1)		
		E	Break-even in sales valu	ie = 120 000 x \$12	(1) =	\$1 440 0	00 <b>(1of)</b>		[6]
		(ii)			\$				
			Selling price		12	(1)			
		١	/ariable costs		<u>10</u>	(1)			
			Contribution per unit		<u>2</u>				
			Number of units		000				
			Total contribution		000	<i>(</i> <b>1</b> )			
			Fixed costs Profit		000 000	(1) (1)			[4]
		(iii) [	Margin of safety in units	= 400 000 <b>(1)</b> – 120	000 0	= 280 00	0 units <b>(1o</b> 1	f)	-
		/	As a percentage of sales		<u>000</u> 000		(1of) =	70% <b>(1of)</b>	[4]

Ра	ge 6	Mark Scheme	: Teachers'	versio	on	Sylla	abus P	aper	
		GCE A/AS LEV	EL – May/J	une 20	)09	9706		22	
(b)			Plates		Cups		Saucers		
			\$		\$		\$		
	Selling price		12		18		26		
	Variat	ole costs	10		15		20		
	Unit c	2		3	(1)	6	(1)		
	Numb	400 000	(1)	100 000	(1)	360 000	(1)		
	Total of	contribution per product	800 000	(1)	300 000	(1)	360 000	(1)	
			Total conti	ributior	n all 3 produc	ts	1 460 000	(1of)	
			less Fixed	costs			480 000	(1)	
			Total profi	t			980 000	(1) [	
(c)	Increase Work for Training	al employment available d pollution local suppliers for new employees							
		itable answers ee appropriate answers	for 2 mark	s each	ı				

[Total: 30]