

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.

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.

Question Paper

Introduction First variant Question Paper Second variant Question Paper

Mark Scheme

Introduction
First variant Mark Scheme
Second variant Mark Scheme

Principal Examiner's Report

Introduction	
First variant Principal Examiner's Report	
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.

Mark schemes must be read in conjunction with the question papers and the report on the examination.

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Page 2	Mark Scheme: Teachers' version	Syllabus	Paper
	GCE A/AS LEVEL – Mav/June 2009	9706	21

1	(a)	Trading and Profit and Loss a	account for	the year ende	ed 31 March 2009 \$		
		Sales		Ψ	Ψ		
						_	
		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		<u> </u>	198 820	1	of
		Discount received				1	Oi
		Discount received			<u>19 000</u>	ı	
					217 820		
		less Expenses					
		Rent & rates		12 590			
		Electricity		17 145			
		Advertising		19 325			
		Wages		65 100			
		Sales commission		14 250	444.040		
		Depreciation		<u>13 500</u>	<u>141 910</u>	1	
		Net profit			<u>75 910</u>	1 + 1	of [12]
	(b)	Balance Sheet at 31 March 2 Fixed assets Premises Fixtures Vehicles Current assets Stock Debtors Bank Cash Current liabilities Creditors Net current assets	76 500 60 870 17 930 510	155 810 _71 200	200 000 18 000 22 500 240 500 <u>84 610</u> 325 110	1 1	
		Capital at start Net profit			277 700 <u>75 910</u> 353 610	4 1	
		Drowings				4	
		Drawings			<u>28 500</u>	1	101
					<u>325 110</u>		[9]

First variant Mark Scheme

Page 3	Mark Scheme: Teachers' version	Syllabus	Paper
	GCE A/AS LEVEL – May/June 2009		21

(c) (i)	Profitability ratios	2008	2009
	GP ratio	19.63 %	23.79 %
	NP Ratio	5.24 %	9.08 %
	RoCE OR	15.48 % 17.20 %	23.35 % 27.34 %

OR Return on Equity OR Return on Total Assets OR Operating Expenses over Sales

OR Fixed Asset Turnover Any 2 for 1 mark each

[2]

(ii) Liquidity ratios

Current ratio	1.19 :1	2.19 :1	1
Liquid ratio	0.53 :1	1.11 :1	1
Drs turnover	29.53 days	26.59 days	1

Any 2 for 1 mark each [2]

(iii) Correct comparisons based on the two years' ratios, with a relevant conclusion.

Total of 4 marks for comparisons and 1 for conclusion based on candidate's answers. [5]

[Total: 30]

- 2 A (a) (i) Without this account,
 profits may be over-stated;
 assets may be over-stated;
 following the above, the businessman may take more as drawings than he 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]

Page 4		Mark Scheme	: Teachers'	version	Sy	llabus		Paper
-	G	CE A/AS LEV	EL – May/Jι	ıne 2009		9706		21
(b) (i)		Details or doubtful deb	ts account	Dr\$	Cr\$	Bal \$		
	2008 01 April 2009	Balance b/d			8000	8000	Cr	
	31 Mar	Profit and L	oss	1850		6150	Cr	[3]
(ii)	Bad debts a	account						
	31 May 30 June 2009	Liew Uriah		720 1625		720 2345	Dr	
	28 Feb 31 Mar	Sundry deb Profit & Los		300	2645	2645 0		[4]
(iii)	Bad debts r	ecovered acco	ount					
	31 March	Khalil Profit & Los	s	3000	3000	3000 0	Cr	[2]
Alterna	tive present	tation of (b)						
(b) (i)	2009	Provision	on for doubtfu	ul debts acc	count			
	31 Mar	P & L Bal c/d	1850 <u>6150</u> <u>8000</u>	1 Apr	Bal b/d	8000 <u></u>	2 1	
				2009 1 Apr	Bal b/d	6150		[3]
(ii)	2000		Bad debts a	account				
	2008 31 May 30 Jun 2009	Liew Uriah	720 1625	2009			1 1	
	28 Feb	Debtors	300 2645	31 Mar	P&L	<u>2645</u> 2645	2	[4]
(iii)	2009	Bad	debts recove	ered accour	nt			
	31 Mar	P&L	3000	31 Mar	Khalil	3000		[2]

First variant Mark Scheme

Page 5	Mark Scheme: Teachers' version	Syllabus	Paper
	GCE A/AS LEVEL – May/June 2009	9706	21

В	(a)	Mark-up is the percentage added to cost to find selling price.				1		
		Margin is the	percentage	deducted from the	ne selling price	to find the cost price	e. 1	
		Or any other	correct ansv	ver.				[2]
	(b)	Di	ne 2009 ales rawings urchases ret	urns	\$ 19 800 700 <u>510</u>	\$ 72 200 <u>21 010</u> 93 210	2 1 1	
		Sa W O Sa	urchases ales returns /ater damag ut of fashion ale or return or collection ation at 31 M	l	21 200 210 300 400 950 1 200	24 260 68 950	1 2 2 1 1 2	[13]
							[Tota	al: 30]
3	(a)	Unit selling	price		\$	80	1	
		less costs Direct mater Direct labou Variable over Fixed overh Unit profit	ır erheads	40 8 10 <u>11</u>		<u>69</u> 11	1 1 1	
		Total annua	l profit	Multiplied by	<u>150 0</u> 1 650 0		1 + 1 of	r -7 1
		OR Total selling less total co Direct mater	sts rials	6 000 000	12 000 0	000	1	[7]
		Direct labou Variable ove Fixed overh Total annua	erheads eads	1 200 000 1 500 000 <u>1 650 000</u>	10 350 0 1 650 0		1 1 1 1 + 1 of	[7]

First variant Mark Scheme

Page 6	Mark Scheme: Teachers' version	Syllabus	Paper
	GCE A/AS LEVEL – May/June 2009	9706	21

(b)		Normal shift	\$	Extra shift \$	\$	
	Unit SP		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 sold		150 000		50 000	
	Total contrib	oution	3 450 000		1 000 000	2
	Full contribu	ıtion	4 450 000			1
	Fixed costs		<u>2 650 000</u>			2
	Profit		1 800 000			1
	Original prof		<u>1 650 000</u>			1
	Additional p	rofit	150 000			1 + 1 of [17]

- (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?

Any three answers award 2 marks each to a maximum

[Total: 30]

[6]

UNIVERSITY OF CAMBRIDGE INTERNATIONAL EXAMINATIONS

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9706 ACCOUNTING

9706/22

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Page 2	Mark Scheme: Teachers' version	Syllabus	Paper	
	GCE A/AS LEVEL – May/June 2009	9706	22	

Sales less cots of sales Opening stock add Purchases 631 090	1	(a)	Trading and Profit and Loss a	account for t	the year ended \$	31 March 2009 \$		
less cost of sales			Sales		·	·		
Opening stock add Purchases 82 150 and Purchases 4 less Closing stock Gross profit 76 500 and Purchases 636 740 and Purchases Discount received 198 820 and ploy on the purchase of the purchase						835 560	3	
add Purchases					92.450	000 000	3	
Seed Continue								
less Closing stock			add Purchases				4	
Gross profit Discount received Discount received Discount received 198 820					713 240			
Gross profit Discount received Discount received Discount received 198 820			less Closing stock		<u>76 500</u>	<u>636 740</u>		
Discount received 19 000 21 217 820						198 820	1	of
Less Expenses Rent & rates 12 590 Electricity 17 145 Advertising 19 325 Wages 65 100 Sales commission 14 250 Depreciation 13 500 141 910 1 Net profit 75 910 1 + 1 of [12] (b) Balance Sheet at 31 March 2009 \$ \$ \$ \$ \$ \$ \$ Fixed assets Fremises 200 000 Fixtures 18 000 Vehicles 22 500 Current assets Stock 76 500 Debtors 60 870 Bank 17 930 Cash 510 155 810 1 Current liabilities Creditors 71 200 Net current assets 84 610 325 110 Capital at start 277 700 4 Net profit 277 700 4 Net profit 277 700 4 Net profit 353 610								
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Rent & rates 12 590			loss Exponens			217 020		
Electricity Advertising Advertising Advertising Wages 65 100 Sales commission Depreciation Net profit 13 500					40 500			
Advertising								
Wages 65 100 Sales commission 14 250 Depreciation 13 500 141 910 1 Net profit 75 910 1 + 1 of [12] (b) Balance Sheet at 31 March 2009 \$ \$ \$ \$ Fixed assets 200 000 Fremises 200 000 Fixtures 18 000 Vehicles 22 500 240 500 1 Current assets 22 500 Stock 76 500 Debtors 60 870 Bank 17 930 Cash 510 Current liabilities 1 Creditors 71 200 Net current assets 84 610 325 110 1 Capital at start 277 700 4 Net profit 75 910 1 And the profit 353 610								
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Sales commission 14 250 Depreciation 13 500 141 910 1 Net profit 75 910 1 + 1 of [12] (b) Balance Sheet at 31 March 2009 \$ \$ \$ \$ Fixed assets 200 000 Fixtures 18 000 Premises 22 500 240 500 1 Current assets 22 500 240 500 1 Current assets 60 870 50 870 1 1 Bank 17 930 1 1 1 Cash 510 155 810 1 1 1 Current liabilities 71 200 1 1 1 Creditors 71 200 1 1 1 Net current assets 84 610 325 110 1 Capital at start 277 700 4 4 Net profit 75 910 1 353 610 1 1 1			Wages		65 100			
Depreciation Net profit 13 500 141 910 1 75 910 1 + 1 of [12]					14 250			
Net profit 75 910						141 910	1	
(b) Balance Sheet at 31 March 2009 Fixed assets Premises					10 000			of [12]
Fixed assets Premises			Net profit			<u> 73 9 10</u>		01 [12]
Drawings <u>28 500</u> 1		(b)	Fixed assets Premises Fixtures Vehicles Current assets Stock Debtors Bank Cash Current liabilities Creditors Net current assets Capital at start Net profit	\$ 76 500 60 870 17 930	155 810	200 000 18 000 22 500 240 500 240 500 84 610 325 110 277 700 75 910 353 610	1 1 4 1	
<u>325 110</u> [9]								[9]

Page 3	Mark Scheme: Teachers' version	Syllabus	Paper
	GCE A/AS LEVEL – May/June 2009	9706	22

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 \mathbf{OR} Return on Equity \mathbf{OR} Return on Total Assets \mathbf{OR} Operating Expenses over Sales

OR Fixed Asset Turnover

Any 2 for 1 mark each [2]

(ii) Liquidity ratios

Current ratio	1.19 :1	2.19 :1	1
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Total of 4 marks for comparisons and 1 for conclusion based on candidate's answers. [5]

[Total: 30]

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-		CE A/AS LEVEI				9706		22
			•					
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	2009 31 March	Khalil Profit & Loss		3000	3000	3000 0	Cr	[2]
Alterna	tive presenta	ation of (b)						
(b) (i)	2009	Provision	for doubtfu	ıl debts acc 2008	count			
	31 Mar	P & L Bal c/d	1850 <u>6150</u> <u>8000</u>	1 Apr	Bal b/d	8000 <u></u> 8000	2	
				2009 1 Apr	Bal b/d	6150		[3]
(ii)		Е	Bad debts a	occount				
	2008 31 May 30 Jun 2009	Liew Uriah	720 1625	2009			1 1	
	28 Feb	Debtors	300 2645	31 Mar	P&L	<u>2645</u> 2645	2	[4]
(iii)	2009	Bad de	ebts recove	ered accour	nt			
	31 Mar	P&L	3000	31 Mar	Khalil	3000		[2]

Second variant Mark Scheme

Page 5	Mark Scheme: Teachers' version	Syllabus	Paper
	GCE A/AS LEVEL – May/June 2009	9706	22

B (a)	Mark-up is the percentage added to cost to find selling price.	1

Margin is the percentage **deducted** from the selling price to find the cost price.

Or any other correct answer. [2]

[Total: 30]

3 (a) (i) Break-even in units
$$\frac{240\ 000\ (1)}{12\ (1)-10\ (1)} = 120\ 000\ units\ (1)$$

Break-even in sales value = $120\ 000\ x\ $12\ (1) = $1\ 440\ 000\ (1of)$ [6]

\$ (ii) Selling price 12 **(1)** <u>10</u> (1) Variable costs Contribution per unit 2 400 000 Number of units Total contribution 800 000 Fixed costs 240 000 (1) **Profit** 560 000 (1)

[4]

(iii) Margin of safety in units = $400\ 000\ (1) - 120\ 000 = 280\ 000\ units\ (1of)$

As a percentage of sales = $\frac{280\ 000}{400\ 000}$ (1of) = 70% (1of) [4]

Page 6	Mark Scheme: Teachers' version	Syllabus	Paper
	GCE A/AS LEVEL – May/June 2009	9706	22

(b)		Plates		Cups		Saucers	
		\$		\$		\$	
	Selling price	12		18		26	
	Variable costs	10		15		20	
	Unit contribution	2		3	(1)	6	(1)
	Number of units	400 000	(1)	100 000	(1)	360 000	(1)
	Total contribution per product	800 000	(1)	300 000	(1)	360 000	(1)
		Total contr	ribution	ı all 3 produc	ts	1 460 000	(1of)
		less Fixed	costs			480 000	(1)
		Total profit	t			980 000	(1) [10]

(c) Additional employment available Increased pollution
Work for local suppliers
Training for new employees
Other suitable answers

Any three appropriate answers for 2 marks each

[Total: 30]

[6]