

UNIVERSITY OF CAMBRIDGE INTERNATIONAL EXAMINATIONS
GCE Advanced Level

**MARK SCHEME for the May/June 2011 question paper
for the guidance of teachers**

9706 ACCOUNTING

9706/42

Paper 4 (Problem Solving (Supplement)),
maximum raw mark 120

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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2 (a)

Top Hat Sports Club
Income and expenditure account
for the year ended 31 December 2010 1

\$\$			
Annual subscriptions (265 × \$150)		39 750	1
life subscriptions (3 × \$80)		<u>240</u>	1
		39 990	
Cafe loss (4 440 – 8 000)	3 560		
	1 1		
Wages (both wages)	10 600		
Rent	12 000	}	1
General expenses	4 620		
Heat, light and power (8 240 + 910)	9 150		1
Depreciation (17200 + 5 300 – 19 500)	<u>3 000</u>		1
		<u>42 930</u>	
Deficit		<u>2 940</u>	1of [9]

(b)

Balance sheet at 31 December 2010

Non-current assets			
Equipment		19 500	1
Current assets			
Inventory	800		1
Subscriptions	750		1
Bank	<u>3 780</u>		1
		5 330	
Current liabilities			
Cafe payables	760		1
Heat, light and power	910		1
Subscriptions	<u>150</u>		1
		<u>1 820</u>	
		<u>3 510</u>	
		<u>23 010</u>	
Accumulated fund			
At 1 January		21 390	6
Deficit		<u>(2 940)</u>	1of
At 31 December		18 450	
life members' fund (3 × \$1 600 – 240)		<u>4 560</u>	1of
		<u>23 010</u>	
21 390 = 4 320 + 420 + 450 + 17 200 – 700 – 300			[15]
1of	1 1 1 1 1 1		

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(ii) Finished goods

Process 1	367 059	$(7\ 800/8\ 500) \times 400\ 000$		
		1of	1	
Direct materials	46 800	$7\ 800 \times (1.5 \times 4)$		
		1	1	
Direct labour	78 000	$7\ 800 \times (2 \times 5)$		
		1	1	
Variable overhead	39 000	$7\ 800 \times (2 \times 2.5)$		
		1	1	
Fixed overhead	15 600	$7\ 800 \times 2$		
		1	1	
	<u>546 459</u>	1of		[11]

(iii) Work in progress

Process 1	32 941	$(700/8\ 500) \times 400\ 000$		
		1of	1	
Direct materials	2 100	$700 \times (1.5 \times 4 \times 0.5)$		
		1	1	
Direct labour	5 250	$700 \times (2 \times 5 \times 0.75)$		
		1	1	
Variable overhead	2 625	$700 \times (2 \times 2.5 \times 0.75)$		
		1	1	
	<u>42 916</u>	1of		[9]

(c)

		Process 2		
\$				
Process 1	400 000	1	WIP	42 916
DM (46 800 + 2 100)	48 900	1of	Fin goods	546 456
DL (78 000 + 5 250)	83 250	1of		1of
VO (39 000 + 2 625)	41 625	1of		
FO	15 600	1of		
	<u>589 375</u>	1of		<u>589 375</u>
				[6]