

**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**

**9706/21**

Paper 21 (Structured Questions), maximum raw mark 90

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1 (a)		\$	\$	
	Bank	5 000		
	Stock	45 000		
	Debtors	52 000		
	Prepayments	3 000		
	Vehicles	40 000		
	Fixtures	30 000		
	Electricity		5 000	
	Creditors		<u>35 000</u>	
		<u>175 000</u>	<u>40 000</u>	
	Total partnership		135 000	
	Current accounts (net)		<u>15 000</u>	
	Total of capital accounts		<u>120 000</u>	
	Capital	Rahul	80 000	(2)
		Shivam	40 000	(2)
				[4]

(b) Trading, profit & loss and appropriation accounts for the year ended 31 March 2009.

			\$	\$	
	Sales (805 000 – 52 000 + 63 000)			816 000	(3)
	Less cost of sales				
	Opening stock		45 000		
	Purchases (600 000 – 35 000 + 41 000)		<u>606 000</u>		(3)
			651 000		
	Closing stock		<u>48 000</u>	<u>603 000</u>	
	Gross profit			213 000	
	Electricity (25 000 – 5 000 + 6 000)		26 000		(3)
	Rent & rates (34 000 + 3 000 – 2 000)		35 000		(3)
	Insurance		14 500		(1)
	General expenses		14 000		(1)
	Depreciation vehicles		20 000		(1)
	fixtures and fittings		<u>2 000</u>	<u>111 500</u>	(1)
	Net profit			101 500	(1 of)
	Interest on capital	Rahul	8 000		
		Shivam	<u>4 000</u>	12 000	(1 of)
	Salaries	Rahul	25 000		
		Shivam	<u>30 000</u>	<u>55 000</u>	(1)
				<u>67 000</u>	
				34 500	
	Share of residue	Rahul	23 000		
		Shivam	<u>11 500</u>	<u>34 500</u>	(1 of)
					[20]

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(c) Rahul's current account

	\$		\$	
Drawings	25 000	(1)	Bal b/d	15 500 (1)
			Int on cap	8 000 (1 of)
			Salaries	25 000 (1)
Bal c/d	<u>46 500</u>	(1 of)	Share of R	<u>23 000</u> (1 of)
	<u>71 500</u>			<u>71 500</u>
			Bal b/d	46 500

[6]

[Total: 30]

Closing balance sheet as proof (not for marking)

FA	Vehicles		80 000
	F & F		<u>28 000</u>
			108 000
CA	Stock	48 000	
	Debtors	63 000	
	Bank	7 500	
	Prepaid	<u>2 000</u>	120 500
CL	Creditors	41 000	
	Accrued	<u>6 000</u>	<u>47 000</u>
NCA			<u>73 500</u>
			<u>181 500</u>
Capital accounts	Rahul	80 000	
	Shivam	<u>40 000</u>	120 000
Current accounts	Rahul	46 500	
	Shivam	<u>15 000</u>	<u>61 500</u>
			<u>181 500</u>

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2 (a) Café trading account for the year ended 30 September 2009

	\$	\$	\$	\$	
Sales				94 320	
Cost of sales					
Opening stock			9 500		
Purchases		43 500			
	7 900				
	<u>6 700</u>	1 200	<u>44 700</u>		(2)
			54 200		
Closing stock			<u>10 500</u>	<u>43 700</u>	
				50 620	
Wages				<u>23 500</u>	(1)
Profit				<u>27 120</u>	(1 of) [4]

(b) Income and expenditure account for the year ended 30 September 2009

	\$	\$	
<b>INCOME</b>			
Subscriptions – ordinary (31 200 + 2 200 + 2 600 – 2 400 – 2 800)		30 800	(5)
Subscriptions – life (5 × 2 000)/20		500	(1)
Dinner dance (6 000 – 5 230)		770	(1)
Café profit		27 120	
Interest on deposit account		<u>4 500</u>	
		63 690	
<b>Less EXPENDITURE</b>			
Greenkeepers' wages	25 000		
Insurance (3 450 + 430 – 550)	3 330		(1)
Depreciation (26 200 + 2 150 – 25 400)	2 950		(1)
Secretary's honorarium	2 000		
General expenses	8 950		
Clubhouse repairs	3 540		
Clubhouse rates (4 500 – 900 + 950)	<u>4 550</u>	<u>50 320</u>	(1)
Surplus		<u>13 370</u>	[10]

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(c) Balance sheet at 30 September 2009

	\$	\$	\$	
Fixed assets				
Clubhouse			120 000	
Furniture and fittings			<u>25 400</u>	
			145 400	(1)
Current assets				
Stock	10 500			
Bank current account	10 980			
Bank deposit account	110 190			(1)
Cash	530			
Prepayment	550			
Subs due	<u>2 600</u>	135 350		(1)
Current liabilities				
Creditors	7 900			
Accrual	950			
Subs prepaid	<u>2 400</u>	<u>11 250</u>		(1)
Net current assets			<u>124 100</u>	(1 of)
			<u>269 500</u>	
Accumulated fund at 1 October 2008			246 630	(6)
Surplus			13 370	
Life members' fund			<u>9 500</u>	(1)
			<u>269 500</u>	[12]

(d) Advantages

Show cash position  
Easy to record

Disadvantages

Capital and revenue expenditure not separated  
Depreciation ignored

Any two sensible advantages and disadvantages acceptable.  
Not more than two of each.

[4]

[Total: 30]

Accumulated fund at 1/10/08

Clubhouse	120 000	Accruals	900
Stock	9 500	Crs	6 700
Prepaid	430	Subs prepaid	2 200
F & F	26 200		
Subs due	2 800		
Cash	850		
Bank current a/c	12 150		
Bank deposit a/c	<u>84 500</u>	Accumulated fund	<u>246 630</u>
	<u>256 430</u>		<u>256 430</u>

1 mark for every correct pair

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3 (a) Number of hours worked

Athol	5 000	} (1)	[2]
Brose	3 250		
Crowdie	5 500		
Total	<u>13 750</u>	(1)	

(b) Contribution per DL hour

Athol	$\frac{(120\,000 - 108\,000)}{5\,000}$	\$2.40	(2)	
Crowdie	$\frac{(88\,000 - 60\,500)}{5\,500}$	\$5.00	(2)	[4]

(c)

	Units produced	DL hours	Units per DL hour		
Athol	$\frac{120\,000}{3}$	40 000	5 000	8	(3)
Brose	$\frac{91\,000}{7}$	13 000	3 250	4	(3)
Crowdie	$\frac{88\,000}{4}$	22 000	5 500	4	(3) [9]

(d) Brose's variable costs are greater than its sales; contribution is negative. Or similar answer. [1]

(e) Estimated profit statement

	Athol \$	Crowdie \$	Total \$	
Sales	<u>180 000</u>	<u>128 000</u>	<u>308 000</u>	(3)
Direct materials	72 000	40 000	112 000	(3)
Direct labour	30 750	32 800	63 550	(3)
Variable overheads	<u>60 000</u>	<u>16 000</u>	<u>76 000</u>	(3)
	162 750	88 800	251 550	
Fixed costs			<u>22 000</u>	(1)
			<u>273 550</u>	
Estimated profit			\$34 450	(1 of) [14]

[Total: 30]

Workings

	Athol	Crowdie
Units sold	60 000	32 000
RM unit cost	1.20	1.25
Units per hour	8	4
Rate per DL hour	4.10	4.10
Original sales revenue	120 000	88 000
Original V overheads	40 000	11 000
Ratio of Sales rev to var o/heads	3:1	8:1