

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**

**9706/22** Paper 22 (Structured Questions), 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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Page 2	Mark Scheme: Teachers' version	Syllabus	Paper 1
	GCE A/AS LEVEL – October/November 2009	9706	

- 1 (a) The amount of a liability may be determined with some accuracy (1)  
e.g. rent accrued at the year-end (or other relevant example) (1) whereas  
the amount of a provision is not readily determinable (1).

Any three to a maximum of

[3]

- (b) Total sales:

	+\$000	-\$000	\$000	
Paid into bank			2 950	
Sale of furniture and equipment		50		
Cash used for expenses	152			
Cash taken for drawings	70			
Debtors at beginning of year		610		
Debtors at end of year	400			
Cash at beginning of year		6		
Cash at end of year	<u>5</u>			
	<u>627</u>	<u>666</u>	<u>(39)</u>	
			<u>2 911</u>	<b>1 mark for any two</b>

Any reasonable format is acceptable

[4]

- (c) Bank account

	\$000	\$000	\$000	
Balance b/f			(210)	
Takings (2 950 – 50)	2 900		2 690	
Furniture and equipment	50		2 740	
Paid creditors		1 750	990	
Expenses		810	180	
Interest		30	150	

Does not need to be in account format

[3]

- (d) Trading and profit and loss account for the year ended 30 April 2009

	\$000	\$000	
Sales		2 911	(1 of)
Less cost of sales			
Opening stock	1 500		
Add purchases (1 750 + 510 – 920)	<u>1 340</u>		(2)
	2 840		
Less closing stock	<u>720</u>	<u>2 120</u>	
Gross profit		791	
Add profit on sale of furniture and equipment		<u>2</u>	(1)
		793	
Expenses (810 – 98 + 90 + 152)	954		(3)
Interest paid	30		(1)
Depreciation			
Furniture & equipment (208 – 48) × 25%	40		(2)
Motor vehicle (12 × 25%)	3		(1)
Provision for doubtful debts (400 × 4%)	<u>16</u>	<u>1 043</u>	(1)
Net loss		<u>-250</u>	

[12]

Page 3	Mark Scheme: Teachers' version	Syllabus	Paper 1
	GCE A/AS LEVEL – October/November 2009	9706	

(e) Summary of balance sheet at 30 April 2009

	\$000	\$000	\$000	
Fixed assets				
Furniture and equipment (208 – 48 – 40)			120	(2)
Motor vehicle (12 – 3)			<u>9</u>	(1)
			129	
Current assets				
Stock	720			
Debtors (400 – 16)	384			(1)
Bank	150			(1 of)
Cash	<u>5</u>		<u>1 259</u>	
			<u>1 388</u>	
Financed by:				
Capital at 1 May 2008			1 096	
Motor vehicle introduced			<u>12</u>	(1)
			1 108	
Less				
Net loss	250			(1 of)
Drawings	<u>70</u>		<u>320</u>	(1)
			788	
Current liabilities				
Creditors for supplies	510			
Creditors for expenses	90		<u>600</u>	
			<u>1 388</u>	
				[8]
				<b>[Total: 30]</b>

Page 4	Mark Scheme: Teachers' version	Syllabus	Paper 1
	GCE A/AS LEVEL – October/November 2009	9706	

2 (a) (i) Furniture and equipment account

		\$000				\$000		
2008				2008				
1 May	Balance b/d	2 970	(1)	3 Sep	Disposal	300	(1)	
1 June	Bank	540	(1)	2009				
3 Dec	Bank	80	(1)	30 Apr	Balance c/d	<u>3 290</u>		
		<u>3 590</u>				<u>3 590</u>		
2009								
1 May	Balance b/d	3 290	(1)					[5]

(ii) Motor vehicles account

		\$000				\$000		
2008				2009				
1 May	Balance b/d	1 800	(1)	1 Feb	Disposal	56	(1)	
2009				30 Apr	Balance c/d	<u>1 984</u>		
1 Feb	Bank	<u>240</u>	(1)			<u>2 040</u>		
		<u>2 040</u>				<u>2 040</u>		
1 May	Balance b/d	1 984	(1)					[4]

(iii) Provision for depreciation on furniture and equipment account

		\$000				\$000		
2008				2008				
3 Sep	Disposal	90	(1)	1 May	Balance b/d	897	(1)	
2009				2009				
30 Apr	Balance c/d	<u>1 136</u>		30 Apr	Profit & loss	<u>329</u>	(1)	
		<u>1 226</u>				<u>1 226</u>		
				1 May	Balance b/d	1 136	(1)	[4]

(iv) Provision for depreciation on motor vehicles account

		\$000				\$000		
2009				2008				
1 Feb	Disposal	42	(1)	1 May	Balance b/d	840	(1)	
30 Apr	Balance c/d	<u>1 294</u>		2009				
		<u>1 336</u>		30 Apr	Profit & loss	<u>496</u>	(1)	
						<u>1 336</u>		
				1 May	Balance b/d	1 294	(1)	[4]

(v) Disposal of furniture and equipment account

		\$000						
2008				2008				
3 Sep	Asset a/c	300	(1)	3 Sep	Depreciation	90	(1)	
					Bank	132	(1)	
					Profit & loss	<u>78</u>	(1 of)	
		<u>300</u>				<u>300</u>		[4]

(iv) Disposal of motor vehicle account

		\$000				\$000		
2009				2009				
1 Feb	Asset a/c	56	(1)	1 Feb	Depreciation	42	(1)	
	Profit & loss	<u>6</u>	(1 of)		Bank	<u>20</u>	(1)	
		<u>62</u>				<u>62</u>		[4]

<b>Page 5</b>	<b>Mark Scheme: Teachers' version</b>	<b>Syllabus</b>	<b>Paper 1</b>
	<b>GCE A/AS LEVEL – October/November 2009</b>	<b>9706</b>	<b>022Based.com</b>

- (b) Depreciation is an expense used to spread the **net** cost of a fixed asset over its useful life. If, for example, a motor vehicle costing \$10 000 is expected to last for five years after which its scrap value will be \$1 000, then its net cost will be  $\$(10\,000 - 1\,000) = \$9\,000$ . Using straight-line depreciation, an annual charge of  $\$9\,000/5 = \$1\,800$  would be made in the profit and loss account.

There are various correct answers, too numerous to show here.

[max. 5]

**[Total: 30]**

**3 (a) (i) DATA for P235**

	MACHINE		
	A	B	C
Order quantity	3 000	3 000	3 000
Production rate per hour	100	150	200
Operating hours	30	20	15
Number of operators	4	5	6
Direct labour hours worked	120	100	90

**COSTS FOR P235**

	\$	\$	\$	
Direct materials (A × 300/100)	9 000	9 000	9 000	<b>(3)</b>
Direct labour (Ex 10.50)	1 260	1 050	945	<b>(3)</b>
Variable overheads (Ex 12)	1 440	1 200	1 080	<b>(3)</b>
Setup	200	330	600	<b>(1)</b>
	<b>11 900</b>	<b>11 580</b>	<b>11 625</b>	<b>(3 of)</b>

- (ii) Use machine B as it costs least.

**(1 of) [14]**

**(b) NEW DATA FOR P235**

	MACHINE		
	A	B	C
Order quantity	3 000	3 000	3 000
Production rate per hour	120	180	240
Operating hours	25	16.67	12.50
Number of operators	5	6	7
Direct labour hours worked	125	100	87.50

**AMENDED COSTS FOR P235**

	\$	\$	\$	
Direct materials	8 100	8 100	8 100	<b>(3)</b>
Direct labour	1 312.50	1 050	918.75	<b>(3)</b>
Variable overheads	1 500	1 200	1 050	<b>(3)</b>
Setup	200	330	600	
	<b>11 112.50</b>	<b>10 680</b>	<b>10 668.75</b>	<b>(3 of)</b>

[12]

- (c) (i) Advise use C as now cheapest.

**(2 of)**

- (ii) Retain additional operator as this brings costs down.

**(2 of) [4]**

**[Total: 30]**