

MARK SCHEME for the October/November 2012 series

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 should be read in conjunction with the question paper and the Principal Examiner Report for Teachers.

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1 (a) Calculation of purchases of goods for re-sale

	\$		
Opening trade payables	(14 000)		
Payments to suppliers	88 600	1	
Closing trade payables	13 600	1	
Total goods for resale	88 200	1	[3]

(b) Calculation of total sales

	\$	
Opening trade receivables	(18 000)	
Receipts from customers	132 900	1
Closing trade receivables	20 500	1
Credit sales	135 400	1
Add: cash sales	6 600	1
Total sales	142 000	1

N.B. Accept creditors and debtors control accounts for marks [5]

(c) Calculation of stock loss

		\$	
Total sales		142 000	
Gross profit @ 40%		56 800	1
Cost of sales		85 200	1
Closing stock	$\$88\,200 + \$6\,000 - \$85\,200 =$	9 000	2
Actual stock @ cost	$\$14\,000 \times 60\% =$	<u>8 400</u>	2
Cost of stock lost		<u>600</u>	1 of [7]

of = own figure

(d) Asset disposal of account

	\$		\$
Cost of vehicle sold	16 000	Depreciation of vehicle (16 000 × 25% × 2)	8 000 2
Profit on disposal	600 1of	Bank	3 600 1
	<u>16 600</u>	Trade in allowance	<u>5 000 1</u>
			<u>16 600</u> [5]

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(e) Income statement for the year ended 30 June 2012

Sales		142 000	
Opening inventory	6 000		
Purchases	88 200		
Closing inventory	(9 000)		
Cost of goods sold		<u>85 200</u>	
Gross profit		56 800	1 of
Profit on disposal of vehicle		<u>600</u>	1 of
		57 400	
Provision for doubtful debts (20 500 × 3%)	615	1	
Stock loss	600	1 of	
Expenses (17 400 – 500 – 320)	16 580	2	
Depreciation			
Fixtures			
(32 000 × 10%)	3 200	1	
Motor vehicles			
(65 000 – 16 000 + 20 000 × 25%)	<u>17 250</u>	2	
		<u>38 245</u>	
Net profit		<u>19 155</u>	1 of [10]

[Total: 30]

2 (a)

	\$		\$	
Balance b/d	2 600	1	Balance b/d	6 300 1
Income and expenditure	86 980	1	Bank	84 400 1
			Bad debts	280 1
Balance c/d	<u>4 500</u>	1	Balance c/d	<u>3 100</u> 1
	<u>94 080</u>			<u>94 080</u>

[7]

**(b) PPE Rowing Club
Income and Expenditure Account for the year ended 31 March 2012**

	\$		\$
Income			
Subscriptions	86 980	1 of	
Profit from competitions [12 200 – (3 100 + 800 – 300)]	8 600	4	
Profit from dinner dance [14 000 – (2 400 + 5 200)]	6 400	3	
Donations	1 500		
Interest	<u>500</u>	1	
			103 980
Expenditure			
Insurance	9 800		
Clubhouse maintenance	10 300		
General expenses	29 800	1	
Electricity	1 600		
Bad debts	280	1	
Depreciation	40 000	1	
Loss on Sale of fixed asset	<u>2 000</u>	1	
			<u>93 780</u>
Surplus of income			<u>10 200</u>

[13]

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(c)

PPE Rowing Club

Statement of Financial Position at 31 March 2012

Non current assets	\$	\$	\$
Clubhouse			150 000
Equipment			<u>140 000</u>
			290 000 1
Current assets			
Stock of prizes		300	
Subs owing		3 100 1	
Interest owing		500 1	
Deposit account		20 000	
Bank		<u>10 500</u> 2	
		34 400	
Current liabilities			
Subscriptions in advance	4 500 1		
General expenses owing	<u>400</u> 1		
		<u>4 900</u>	
Working Capital			<u>29 500</u>
			<u>319 500</u>
Financed by			
Accumulated Fund			309 300 2 OR 0
Surplus of income			10 200 1 of
			<u>319 500</u>

Award 1 for Accumulated Fund figure of \$306 300 [10]

[Total: 30]

3 (a) (i)	Basic	Deluxe	Super	Total	
Units	4 000	2 000	500		
X by Hours	<u>3</u>	<u>5</u>	<u>8</u>		
				2	
Total labour hours	12 000	10 000	4 000	26 000	[2]

(ii) FOHRR – $\frac{\$39\,000\ \mathbf{1}}{26\,000\ \mathbf{1\ of}} = \$1.50 \text{ per DLH } \mathbf{1\ of}$ [3]

(iii)	Basic	Deluxe	Super	
	\$	\$	\$	
Sales price	12	20	30	
Variable cost	6	14	16	
Contribution per unit	6	6	14	1 × 3

[3]

(iv)	Basic	Deluxe	Super	
	\$	\$	\$	
Contribution per unit	6	6	14	
Labour hours	3	5	8	
Contribution per direct labour hour	2.00	1.20	1.75	1 × 3

[3]

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(b)	Basic	Deluxe	Super	
Order of priority	1	3	2	
Sales	4 000	2 000	500	
Hours per unit	3	5	8	
Total hours	12 000	10 000	4 000	
Hours left		8 400		
	1	2	1	
Units	4 000	1 680	500	[4]

(c) (i) Profit Statement

	Basic	Deluxe	Super	
Sales (units)	4 000	1 680	500	
	\$	\$	\$	
Sales income	48 000	33 600	15 000	
Less				
Variable costs	<u>(24 000)</u>	<u>(23 520)</u>	<u>(8 000)</u>	
Total cont.	24 000	10 080	7 000	3
Less Fixed costs	<u>(18 000)</u>	<u>(12 600)</u>	<u>(6 000)</u>	3
Net profit/loss	<u>6 000</u>	<u>(2 520)</u>	<u>1 000</u>	1 [7]

(ii)	Estimated FC	\$39 000	1	
	Actual FC	<u>36 600</u>	1 of	
	OH underabs	<u>2 400</u>	1 of	[3]

(d)	\$
Sales price	100
Variable costs	95
Contribution	5

$$\text{BEP} = \frac{\$10\,000}{5} \times 1 = 2\,000 \text{ units } 1 = \$200\,000 \times 1 \quad [3]$$

(e)	BEP = \$10 000/5 =	2 000 units	
	Less sales	2 200 units	
	Margin of safety	200 units	1
	Margin of safety (value)	\$20 000	1 [2]

[Total: 30]