

MARK SCHEME for the May/June 2010 question paper
for the guidance of teachers

9706 ACCOUNTING

9706/23

Paper 23 (Structured Questions (Core)),
maximum raw mark 90

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1 WORKINGS

1 Calculation for trade receivables (debtors)

	\$		\$	
Bal b/d	46 400	Bank	424 000	
Sales	<u>393 400</u>	Trade rec.	<u>15 800</u>	1of
	439 800		439 800	(awarded in (d))

2 Calculation of opening capital

	\$	\$	
	Dr	Cr	
Trade payables (creditors)		29 200	
Bank		15 000	
Trade receivables (debtors)	46 400		
Inventory (stock)	24 400		
Machinery at net book value	206 400		
Capital		<u>233 000</u>	1 + 1of
	<u>277 200</u>	277 200	(awarded in (d))

3 Calculation of depreciation

Machinery at NBV 30/04/09		206 400	1
add machinery purchased		<u>30 400</u>	1
		236 800	
less NBV of Machinery sold	5 600		1
Machinery at NBV 30/04/10	<u>216 000</u>	<u>221 600</u>	1
		15 200	(awarded in (c))

(a) Calculation of ordinary goods purchased for the year

	\$		
Ordinary goods purchased for cash	228 000	1	
less trade payables at start	<u>29 200</u>	1	
	198 800		
add trade payables at end	<u>32 200</u>	1	
	231 000		[3]

(b) Calculation for sales for the year

Cost of sales			
Opening inventory (stock)	24 400	1	
Ordinary goods purchased	<u>231 000</u>	1of	
	255 400		
Less closing inventory (stock)	<u>30 600</u>	1	
	<u>224 800</u>	1	
Sales = 224 800 × 1.75 (mark-up)	393 400	1	[5]

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(c) Income statement (trading and profit and loss account)
for the year ended 30 April 2010

	\$	\$	
Sales		393 400	1of
cost of sales		<u>224 800</u>	
Gross profit		168 600	
Rent (24 200 – 6200)	18 000		2
Insurance (14 200 – 3400)	10 800		2
Wages (104 200 – 28 000)	76 200		2
Postage	800		1
Electricity	8 400		1
Sundries	4 200		1
Depreciation	15 200		3 + 1of
Loss on disposal (5600 – 1000)	4 600	<u>138 200</u>	2
Profit for the year (net profit)		<u><u>30 400</u></u>	[16]

(d) Balance Sheet at 30 April 2010

	\$	\$	\$	
Non-current (fixed) assets				
Machinery at net book value			216 000	
Current assets				
Inventory (stock)	30 600			
Trade receivables (drs)	15 800			1
Prepayments	<u>9 600</u>	56 000		
Current liabilities				
Trade payables (crs)	32 200			
Bank	<u>5 400</u>	<u>37 600</u>	<u>18 400</u>	1
			<u>234 400</u>	
Capital at 1 May 2009			233 000	1 + 1of*
Profit for year (net profit)			<u>30 400</u>	1of
			263 400	
Drawings (28 000 + 1000)			<u>29 000</u>	1
			<u>234 400</u>	[6]

* If capital is calculated as a residual value within the balance sheet, award **1of** if wrong value but correctly calculated.

[Total: 30]

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2 (a) Sales Ledger Control Account

	\$		\$	
Balance 1 April 2009	29 040	1	Sales returns	9 878
Sales	499 892	1	Bank	462 680
Bank (dishonoured cheque)	662	1	Discount allowed	21 404
			Bad debts	9 510
			Contra	1 153
			Balance 31 Mar 2010	<u>24 969</u>
	<u>529 594</u>			<u>529 594</u>
Balance 1 April 2010	24 969	1of		

[10]

(b) (i) Amended sales ledger control account

	\$		\$	
Balance b/d	24 969		Credit note corrected	840
Dis all'd overstated	310	1	Debit bal transferred	
Sales omitted	998	1	to purchases ledger	698
Extra sales	<u>3 856</u>	1	Balance c/d	<u>28 595</u>
	<u>30 133</u>			<u>30 133</u>
Bal b/d	28 595			

[6]

OR

If candidate draws up a **new** as opposed to an **amended** SLC account, accept as follows.

	\$		\$	
Balance	29 040		Cr note corrected	420
Cr sales	499 892			
Sales omitted	998	1		
Extra sales	3 856	1		
Bank (dis cheque)	662		Sales returns	9 878
Dis all overstated	310	1	Cr note corrected	420
			Bank	462 680
			Dis allowed	21 404
			Bad debts	9 510
			Contra	1 153
			Contra	698
			Balance	28 595
	<u>534 758</u>			<u>28 595</u>
				<u>534 758</u>

[6]

(ii)	\$	\$	\$	
Sales ledger total	add	less	26 845	
Sales invoice omitted	998			1
Balance omitted	2 102			1
Entry omitted	816			1
Balance understated	<u>200</u>		<u>4 116</u>	1
			<u>30 961</u>	
Credit note corrected		840		1
Bankrupt		896		1
Entry omitted		<u>630</u>	<u>2 366</u>	1
			<u>28 595</u>	1

[8]

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- (c) Minimize fraud/make fraud easier to find.
 Minimize time taken to find errors/make errors easier to find.
 Figures for total creditors/debtors easily available.
 Sectional ledgers make checking easier.
 Control accounts not handled by sales/purchases ledger clerk.

Any **three** answers for **2** marks each.

[6]

[Total: 30]

3 DATA

	Cabinet 1	Cabinet 2	Cabinet 3
Variable cost	400	240	220
Fixed cost	8 000 000	36 000 000	79 200 000
Selling price	500	480	520

ANSWERS

(a)

	(i)	(ii)
1	36 000 000	1 79 200 000
2	400 - 240	2 400 - 220
	225 000	440 000

[6]

(b) Difference in fixed costs divided by difference in unit contribution

$$\frac{79\,200\,000 - 36\,000\,000}{(520 - 220) - (480 - 240)} = \frac{43\,200\,000}{60} = 720\,000$$

[6]

(c)

	Cabinet 1	Cabinet 2	Cabinet 3
Units			
(i)	200 000 × (500 – 400) – 8M = \$12 000 000	× (480 – 240) – 44m = \$4 000 000	× (520 – 220) – 87.2m = \$–27 200 000
(ii)	250 000 × (500 – 400) – 8M = \$17 000 000	× (480 – 240) – 44m = \$16 000 000	× (520 – 220) – 87.2m = \$–12 200 000
(iii)	300 000 × (500 – 400) – 8M = \$22 000 000	× (480 – 240) – 44m = \$28 000 000	× (520 – 220) – 87.2m = \$2 800 000

1 each max 3

[9]

(d) Extra fixed cost divided by (unit contribution on cabinet 2 less contribution on cabinet 1)

$$\frac{36\,000\,000}{(480 - 240) - (500 - 400)} = 257\,143$$

[5]

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- (e) Unit selling price remains constant.
Unit variable costs remain constant.
Sales mix remains constant.
Total fixed costs do not change.
There are no semi-variable costs.
All production is sold.

Any **four** correct for **1** mark each.

[4]

[Total: 30]