## 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.

Mark schemes must be read in conjunction with the question papers and the report on the examination.

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UNIVERSITY of CAMBRIDGE International Examinations

Pa	age 2	Mark Scheme:			Syllabus	;	Paper			
		GCE A/AS LEVEL -	9706		22					
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 thre	e to a maximum of					[3			
(b)	Total sal		+\$000	-\$000	\$000					
	Cash us	urniture and equipment ed for expenses	152	50	2 950	1				
	Debtors Debtors	ken for drawings at beginning of year at end of year	70 400	610		mark for any				
		beginning of year end of year	<u>5</u> <u>627</u>	6 <u>666</u>	<u>(39</u> ) <u>2 911</u>	two				
	Any rea	sonable format is accep	otable				[4]			
(c)	Bank ac	count	\$000	\$000	\$000					
	-	(2 950 – 50)	2 900 50	ŶŨŨŨ	(210) 2 690 2 740	1 mark for				
	Paid cre Expense Interest		50	1 750 810 30	2740 990 180 150	any two				
		ot need to be in account	format	50	150		[3]			
(d)	Trading	and profit and loss accou	nt for the year	ended 30 April	2009					
	Sales Less cos	st of sales		\$000	\$000 2 911	(1 of)				
	Opening Add purc	stock chases (1 750 + 510 – 92	0)	1 500 <u>1 340</u> 2 840		(2)				
	Gross pr	sing stock <sup>.</sup> ofit ït on sale of furniture and	equipment	<u>720</u>	<u>2 120</u> 791 2	(1)				
		es (810 – 98 + 90 + 152)		954 30	793	(3) (1)				
	Mote	niture & equipment (208 – or vehicle (12 × 25%)	·	40 3		(2) (1)				
	Provisio Net loss	n for doubtful debts (400	× 4%)	<u>    16</u>	<u>1 043</u> _250	(1)	[12]			

Page 3	Mark Scheme: Teachers' v	ersion	Syllabus	B Paper
-	GCE A/AS LEVEL – October/Nov	vember 2009	9706	22
	ary of balance sheet at 30 April 2009 \$000	\$000	\$000	
Fixed a	issets			
	rniture and equipment (208 – 48 – 40) otor vehicle (12 – 3)		120 <u>9</u> 129	(2) (1)
Curren	t assets			
	ock btors (400 – 16)	720 384		(1)
	nk	150		(1) (1 of)
Ca		5	<u>1 259</u> <u>1 388</u>	(10)
Financ	ed by:		<u></u>	
	at 1 May 2008		1 096	
Motor	vehicle introduced		<u>12</u> 1 108	(1)
Less				
Ne	t loss	250		(1 of)
Dr	awings	70	<u>320</u> 788	(1)
Curren	t liabilities			
Cr	editors for supplies	510		
	editors for expenses	90	<u>    600</u> 1 388	

[Total: 30]

Page 4			Mark Sche	eme: Teac	hers'	version		Syllabus	Pape	ər	
				GCE A/AS LEVE	EL – Octok	er/No	ovember	2009	9706	22	
2	(a) (	( <b>i)</b> Fu	urnitu	re and equipment	t account \$000				\$000		
		20	800		• • • •		2008		•		
			May	Balance b/d	2 970	(1)	3 Sep	Disposa	il 300	(1)	
			June Dec	Bank Bank	540 80	(1) (1)	2009 30 Apr	Balance	c/d <u>3 290</u>		
				Builly	<u>3 590</u>	(')	007.01	Dalarioe	<u>3 590</u>		
			009 May	Balanaa h/d	2 200	(4)					[6]
		I	way	Balance b/d	3 290	(1)					[5]
	(i	-		ehicles account	\$000				\$000		
			008 Maxí	Dolonoo h/d	1 900	(4)	2009 1 Fab	Dianaaa	50	(4)	
			May 009	Balance b/d	1 800	(1)	1 Feb	Disposa	ıl 56	(1)	
			Feb	Bank	<u>240</u> <u>2 040</u>	(1)	30 Apr	Balance	c/d <u>1 984</u> <u>2 040</u>		
		1	May	Balance b/d	1 984	(1)					[4]
	(ii	i) P	rovisio	on for depreciatio	n on furnitu \$000	ire an	d equipm	ient acco	unt \$000		
			800				2008			<i>(</i> <b>)</b>	
		20	Sep 009	Disposal	90	(1)	1 May 2009	Balance			
		30	) Apr	Balance c/d	<u>1 136</u> <u>1 226</u>		30 Apr	Profit &	loss <u>329</u> <u>1 226</u>	(1)	
					<u>- 220</u>		1 May	Balance		(1)	[4]
	(iv	<b>v)</b> Pi	rovisio	on for depreciatio	n on motor \$000	vehic	les accou	unt	\$000		
		20	009		·		2008				
			Feb	Disposal	42	(1)	1 May 2009	Balance		(1)	
		30	) Apr	Balance c/d	<u>1 294</u> <u>1 336</u>		30 Apr	Profit &	loss <u>496</u> <u>1 336</u>	(1)	
					<u></u>		1 May	Balance		(1)	[4]
	(\	<b>v)</b> D	isposa	al of furniture and	l equipmen \$000	t acco	ount				
		20	800		φυυυ		2008				
			Sep	Asset a/c	300	(1)	3 Sep	Depreci		(1)	
								Bank Profit &	132 loss <u>78</u>	• • •	
					<u>300</u>			Tronco	<u>300</u>	(101)	[4]
	(iv	<b>v)</b> D	isposa	al of motor vehicle					<b>\$</b> 000		
		20	009		\$000		2009		\$000		
			Feb	Asset a/c	56	(1)	1 Feb	Depreci		• • •	
				Profit & loss	<u>6</u> 62	<b>(1 o</b> 1	f)	Bank	<u>20</u> <u>62</u>	(1)	[4]
									<u>02</u>		[4]

Page 5	Mark Scheme: Teachers' version	Syllabus	Paper
	GCE A/AS LEVEL – October/November 2009	9706	22

(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]

(1 of) [14]

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

	A	В	С	
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	(3)
Direct labour (Ex 10.50)	1 260	1 050	945	(3)
Variable overheads (Ex 12)	1 440	1 200	1 080	(3)
Setup	200	330	600	(1)
	11 900	11 580	11 625	(3 of)

MACHINE

- (ii) Use machine B as it costs least.
- (b) NEW DATA FOR P235

'				N /	ACHINE				
			٨	IVI			C		
			A		В		С		
	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	(3)	
	Direct labour	1	312.50		1 050		918.75	(3)	
	Variable overheads	1	500		1 200	1	050	(3)	
	Setup		200		330		600	. ,	
		11	112.50		10 680	10	668.75	(3 of)	
								. ,	1401

[12]

(c) (	(i)	Advise use C as now cheapest.	(2 of)	
(i	ii)	Retain additional operator as this brings costs down.	(2 of)	[4]
			[Total:	30]