As part of CIE's continual commitment to maintaining best practice in assessment, CIE has begun to use different variants of some question papers for our most popular assessments with extremely large and widespread candidature, The question papers are closely related and the relationships between them have been thoroughly established using our assessment expertise. All versions of the paper give assessment of equal standard.

The content assessed by the examination papers and the type of questions are unchanged.

This change means that for this component there are now two variant Question Papers, Mark Schemes and Principal Examiner's Reports where previously there was only one. For any individual country, it is intended that only one variant is used. This document contains both variants which will give all Centres access to even more past examination material than is usually the case.

The diagram shows the relationship between the Question Papers, Mark Schemes and Principal Examiner's Reports.

Question Paper	Mark Scheme	Principal Examiner's Report
Introduction	Introduction	Introduction
First variant Question Paper	First variant Mark Scheme	First variant Principal Examiner's Report
Second variant Question Paper	Second variant Mark Scheme	Second variant Principal Examiner's Report

Who can I contact for further information on these changes?

Please direct any questions about this to CIE's Customer Services team at: international@cie.org.uk

UNIVERSITY OF CAMBRIDGE INTERNATIONAL EXAMINATIONS GCE Advanced Subsidiary Level and GCE Advanced Level

MARK SCHEME for the May/June 2009 question paper

for the guidance of teachers

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

• CIE will not enter into discussions or correspondence in connection with these mark schemes.

CIE is publishing the mark schemes for the May/June 2009 question papers for most IGCSE, GCE Advanced Level and Advanced Subsidiary Level syllabuses and some Ordinary Level syllabuses.



Pag	e 2	Mark Sc	Syllabus	6	Paper		
		GCE A/AS	S LEVEL – May	/June 2009	9706		21
(a)	Tradin	g and Profit and Lo	oss account for	the year ended 3	31 March 2009 \$		
	Sales			Ŧ	Ŧ		
	less co	ost of sales			835 560	3	
		ng stock		82 150			
	add P	urchases		<u>631 090</u>		4	
		losing stock		713 240 <u>76 500</u>	<u>636 740</u>		
	Gross	losing stock		70 500	198 820	1	of
		unt received			<u>19 000</u>	1	01
	Biooot				217 820	•	
		xpenses					
	Rent &			12 590			
	Electri	-		17 145			
	Adver			19 325			
	Wage			65 100			
		commission		14 250 12 500	141 010	1	
	Net pr	ciation ofit		<u>13 500</u>	<u>141 910</u> 75 910	1 1 + 1	of [12
					<u> </u>		. <u>[</u>
(b)	Balano	ce Sheet at 31 Mar	rch 2009				
. ,	Fixed	assets					
	Premi	ses			200 000		
	Fixture				18 000		
	Vehicl	es			22 500		
	0				240 500	1	
		nt assets	76 500				
	Stock Debto		76 500 60 870				
	Bank	15	17 930				
	Cash		<u> </u>	155 810		1	
		nt liabilities		100 0 10		•	
	Credit			<u>71 200</u>		1	
	Net cu	irrent assets			<u>84 610</u>		
					<u>325 110</u>		
	Canita	l at start			277 700	4	
	Net pr				<u>75 910</u>	4	
	not pi				353 610	1	
	Drawii	nas			28 500	1	
		U [±]			325 110	•	[

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Page	e 3	Mark	Scheme: Teac	hers' version	Syllabus	Paper	
		GCE	A/AS LEVEL – N	lay/June 2009	9706	21	
(c) (i)	Profi	tability ratios	2008	2009			
	GP ratio		19.63 %	23.79 %			
	NP Ratio		5.24 %	9.08 %			
	RoCE OR		15.48 % 17.20 %	23.35 % 27.34 %			
	OR F	Return on Equity Fixed Asset Turn 2 for 1 mark eac	over	「otal Assets OR Operati	ng Expenses ov		[2]
(ii)	Liqui	dity ratios					
	Curre	ent ratio	1.19 :1	2.19 :1		1	
	Liqui	d ratio	0.53 :1	1.11 :1		1	
	Drs t	urnover	29.53 days	26.59 days		1	
	Any 2	2 for 1 mark eac	h			[[2]
(iii)				vo years' ratios, with a re I 1 for conclusion based			[5]
						[Total: 3	;0]
2 A (a)		Without this accord profits may be or assets may be o following the abo	ver-stated; ver-stated;	sman may take more as	s drawings than	he should. [[2]
		Monitoring previ monitoring indivi				[[2]

(iii)	A bad debt should be written off when it becomes bad,	
	whereas a provision is set up to cover doubtful debts.	[2]

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First variant Mark Scheme

Page 4		Mark Scheme	: Teachers'	version	Sy	llabus		Paper	
	G	CE A/AS LE	/EL – May/Jı	une 2009		9706		21	
(b) (i)	Date Provision fo 2008	Details or doubtful det	ots account	Dr \$	Cr \$	Bal \$			
	2008 01 April 2009	Balance b/o	d		8000	8000	Cr		
	31 Mar	Profit and L	OSS	1850		6150	Cr	[3]	
(ii)	Bad debts a 2008	account							
	31 May 30 June 2009	Liew Uriah		720 1625		720 2345	Dr		
	28 Feb 31 Mar	Sundry deb Profit & Los		300	2645	2645 0		[4]	
(iii)	Bad debts r 2009	ecovered acc	ount						
	31 March	Khalil Profit & Los	SS	3000	3000	3000 0	Cr	[2]	
Alterna	tive present	tation of (b)							
(b) (i)	2009	Provisi	on for doubtfu	ul debts acc 2008	count				
	31 Mar	P & L Bal c/d	1850 <u>6150</u> 8000	1 Apr	Bal b/d	8000	2 1		
			<u>8000</u>	2009 1 Apr	Bal b/d	<u>8000</u> 6150		[3]	
(ii)	2008		Bad debts a	account					
	31 May 30 Jun 2009	Liew Uriah	720 1625	2009			1 1		
	2009 28 Feb	Debtors	<u> 300</u> 2645	2009 31 Mar	P&L	<u>2645</u> 2645	2	[4]	
(iii)	2000	Bac	debts recove		nt				
	2009 31 Mar	P & L	3000	2009 31 Mar	Khalil	3000		[2]	

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	Pag	ge 5	Mark S	cheme: Teachers	s' version	Syllabus	Рар	er
			GCE A/	AS LEVEL – May/	June 2009	9706	21	
в	(a)		•	ge added to cost t e deducted from t	• •	ice. to find the cost pri	1 ce. 1	
		Or any	other correct ans	swer.				[2]
	(b)	Stock a add	t 8 June 2009 Sales Drawings		\$ 19 800 700	\$ 72 200	2 1	
		less	Purchases re Purchases Sales returns		<u>510</u> 21 200 210	<u>21 010</u> 93 210	1 1 2	
		Correct	Water damag Out of fashio Sale or return For collection valuation at 31 M	n n 1	300 400 950 <u>1 200</u>	<u>24 260</u> <u>68 950</u>	2 1 1 2	[13]
							[Tota	al: 30]
3	(a)	less co Direct Direct	elling price osts materials labour le overheads	40 8 10	\$	80	1 1 1 1	
		Unit pi	overheads rofit annual profit	<u>11</u> Multiplied by	<u> 150 0</u> <u>1 650 0</u>		1 1 + 1 of	[7]
		less to	selling price stal costs materials	6 000 000	12 000 0	000	1	[.]
		Direct Variab Fixed	labour le overheads overheads annual profit	1 200 000 1 500 000 <u>1 650 000</u>	<u>10 350 0</u> <u>1 650 0</u>		1 1 1 1 + 1 of	[7]

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Page 6	Mark Scheme: Teachers' version			Syllabus	
	GCE A/	AS LEVEL – N	lay/June 2009	9706	21
(b)	Normal sh	ift	Extra shift		
	\$	\$	\$	\$	
Unit SI		75		75	2
DM	34		34		2
DL	8		10		2
VO	<u>10</u>	<u>52</u> 23	<u>11</u>	<u>55</u> 20	2
Units s	old	150 000		50 000	
Total c	ontribution	3 450 000		1 000 000	2
Full co	ntribution	4 450 000			1
Fixed of	costs	<u>2 650 000</u>			2
Profit		1 800 000			1
Origina	al profit	<u>1 650 000</u>			1
Additic	nal profit	150 000			1 + 1 of

- (c) 1 Are extra workers available?
 - 2 Can new workers be trained?

 - 3 Is it worth training workers for what might be a one-off situation?4 There may be additional costs of transport and administration to be considered.
 - 5 Additional maintenance of equipment?
 - 6 Can quality be maintained? Etc

Any three answers award 2 marks each to a maximum

[6]

[Total: 30]

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UNIVERSITY OF CAMBRIDGE INTERNATIONAL EXAMINATIONS GCE Advanced Subsidiary Level and GCE Advanced Level

MARK SCHEME for the May/June 2009 question paper

for the guidance of teachers

9706 ACCOUNTING

9706/22

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

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	e 2 Mark	Scheme: Teache	rs' version	Syllabus	5	Paper
		/AS LEVEL – May	/June 2009	9706		22
(a)	Trading and Profit an	d Loss account for	the vear ended	31 March 2009		
()			\$	\$		
	Sales			·		
	less cost of sales			835 560	3	
	Opening stock		82 150			
	add Purchases		<u>631 090</u>		4	
			713 240			
	less Closing stock		<u>76 500</u>	<u>636 740</u>		
	Gross profit			198 820	1	of
	Discount received			<u>19 000</u>	1	
				217 820		
	less Expenses					
	Rent & rates		12 590			
	Electricity		17 145			
	Advertising		19 325			
	Wages		65 100			
	Sales commission		14 250			
	Depreciation		<u>13 500</u>	<u>141 910</u>	1	
	Net profit			<u>75 910</u>	1 + 1	of [1
(b)						
	Balance Sheet at 31	March 2009				
. ,		March 2009 \$	\$	\$		
	Fixed assets		\$			
	Fixed assets Premises		\$	200 000		
	Fixed assets Premises Fixtures		\$	200 000 18 000		
	Fixed assets Premises		\$	200 000 18 000 <u>22 500</u>		
	Fixed assets Premises Fixtures Vehicles		\$	200 000 18 000	1	
	Fixed assets Premises Fixtures Vehicles Current assets	\$	\$	200 000 18 000 <u>22 500</u>	1	
	Fixed assets Premises Fixtures Vehicles Current assets Stock	\$ 76 500	\$	200 000 18 000 <u>22 500</u>	1	
	Fixed assets Premises Fixtures Vehicles Current assets Stock Debtors	\$ 76 500 60 870	\$	200 000 18 000 <u>22 500</u>	1	
	Fixed assets Premises Fixtures Vehicles Current assets Stock Debtors Bank	\$ 76 500 60 870 17 930		200 000 18 000 <u>22 500</u>		
	Fixed assets Premises Fixtures Vehicles Current assets Stock Debtors Bank Cash	\$ 76 500 60 870	\$ 155 810	200 000 18 000 <u>22 500</u>	1	
	Fixed assets Premises Fixtures Vehicles Current assets Stock Debtors Bank Cash Current liabilities	\$ 76 500 60 870 17 930	155 810	200 000 18 000 <u>22 500</u>	1	
	Fixed assets Premises Fixtures Vehicles Current assets Stock Debtors Bank Cash Current liabilities Creditors	\$ 76 500 60 870 17 930		200 000 18 000 22 500 240 500		
	Fixed assets Premises Fixtures Vehicles Current assets Stock Debtors Bank Cash Current liabilities	\$ 76 500 60 870 17 930	155 810	200 000 18 000 <u>22 500</u> 240 500	1	
	Fixed assets Premises Fixtures Vehicles Current assets Stock Debtors Bank Cash Current liabilities Creditors	\$ 76 500 60 870 17 930	155 810	200 000 18 000 22 500 240 500	1	
	Fixed assets Premises Fixtures Vehicles Current assets Stock Debtors Bank Cash Current liabilities Creditors Net current assets	\$ 76 500 60 870 17 930	155 810	200 000 18 000 22 500 240 500 <u>240 500</u> <u>84 610</u> <u>325 110</u>	1	
	Fixed assets Premises Fixtures Vehicles Current assets Stock Debtors Bank Cash Current liabilities Creditors Net current assets	\$ 76 500 60 870 17 930	155 810	200 000 18 000 22 500 240 500 <u>84 610</u> <u>325 110</u> 277 700	1 1 4	
	Fixed assets Premises Fixtures Vehicles Current assets Stock Debtors Bank Cash Current liabilities Creditors Net current assets	\$ 76 500 60 870 17 930	155 810	200 000 18 000 22 500 240 500 240 500 <u>84 610</u> <u>325 110</u> 277 700 <u>75 910</u>	1	
	Fixed assets Premises Fixtures Vehicles Current assets Stock Debtors Bank Cash Current liabilities Creditors Net current assets	\$ 76 500 60 870 17 930	155 810	200 000 18 000 22 500 240 500 <u>84 610</u> <u>325 110</u> 277 700	1 1 4	

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Page	<u>, 3</u>	Mark	Scheme: Teache	ars' version	Syllabus	Paper	
- Tage	50		A/AS LEVEL – Ma		9706	22	
(c) (i)	Profi	tability ratios	2008	2009			
	GP r	atio	19.63 %	23.79 %			
	NP Ratio		5.24 %	9.08 %			
	RoCE OR		15.48 % 17.20 %	23.35 % 27.34 %			
	OR Return on Equity OR Return on Total Assets O OR Fixed Asset Turnover Any 2 for 1 mark each				ting Expenses ov	er Sales	[2]
(ii)	Liqui	dity ratios					
	Curre	ent ratio	1.19 :1	2.19 :1		1	
	Liqui	d ratio	0.53 :1	1.11 :1		1	
	Drs t	urnover	29.53 days	26.59 days		1	
	Any 2	2 for 1 mark eac	h				[2]
(iii)		•		years' ratios, with a for conclusion base			[5]
						[Total:	30]
2 A (a)		Without this acc profits may be o assets may be c following the abo	ver-stated; over-stated;	nan may take more a	s drawings than l	he should.	[2]
			ous years' bad del idual debtors' acco	-			[2]

(iii)	A bad debt should be written off when it becomes bad,	
	whereas a provision is set up to cover doubtful debts.	[2]

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Second variant Mark Scheme

Page 4		Mark Scheme	: Teachers'	version	Sy	llabus		Paper	
	G	CE A/AS LE	/EL – May/Ju	une 2009				22	
(b) (i)	Date Provision fo 2008	Details or doubtful deb	ots account	Dr \$	Cr \$	Bal \$			
	01 April 2009	Balance b/c	Ł		8000	8000	Cr		
	31 Mar	Profit and L	.OSS	1850		6150	Cr	[3]	
(ii)	Bad debts a 2008	account							
	31 May 30 June 2009	Liew Uriah		720 1625		720 2345	Dr		
	28 Feb 31 Mar	Sundry deb Profit & Los		300	2645	2645 0		[4]	
(iii)	Bad debts r 2009	ecovered acc	ount						
	31 March	Khalil Profit & Los	S	3000	3000	3000 0	Cr	[2]	
Alterna	ative present	tation of (b)							
(b) (i)	2009	Provisi	on for doubtfu	ul debts acc 2008	count				
	31 Mar	P & L Bal c/d	1850 <u>6150</u>	1 Apr	Bal b/d	8000	2 1		
			<u>8000</u>	2009		<u>8000</u>			
				1 Apr	Bal b/d	6150		[3]	
(ii)	2008		Bad debts a	account					
	31 May 30 Jun 2009	Liew Uriah	720 1625	2009			1 1		
	2009 28 Feb	Debtors	<u> 300</u> 2645	2009 31 Mar	P&L	<u>2645</u> 2645	2	[4]	
(iii)		Bac	l debts recove	ered accou	nt				
. ,	2009 31 Mar	P&L	3000	2009 31 Mar	Khalil	3000		[2]	

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	Pag	ge 5	Mark Schen	ne: Teachers' version	Syllab	ous Pape	ər
			GCE A/AS LE	EVEL – May/June 2009	970		
в	(a)	Mark-	up is the percentage ad	ded to cost to find selling	price.	1	
		Margi	n is the percentage ded	ucted from the selling prio	ce to find the cos	st price. 1	
		Or an	y other correct answer.				[2]
	(b)	Stock add	at 8 June 2009 Sales Drawings	\$ 19 800 700	\$ 72 200	2	
		less	Purchases returns Purchases	<u>510</u> 21 200	<u>21 010</u> 93 210	1	
		1635	Sales returns Water damaged Out of fashion Sale or return	21200 210 300 400 950		2 2 1 1	
		Corre	For collection ct valuation at 31 May 2	<u>1 200</u>	<u>24 260</u> <u>68 950</u>	2	[13]
						[Tota	al: 30]
3	(a)	(i)	Break-even in units	<u>240 000 (1)</u> = 120 00 12 (1) – 10 (1)	00 units (1)		
			Break-even in sales val	ue = 120 000 x \$12 (1) =	\$1 440 000 (1o f)	[6]
		(ii)		\$			
			Selling price	12	(1)		
			Variable costs	<u>10</u>	(1)		
			Contribution per unit	<u>2</u>			
			Number of units	<u>400 000</u>			
			Total contribution Fixed costs	800 000 240 000	(1)		
			Profit	560 000	(1)		[4]
		(iii)	Margin of safety in units	s = 400 000 (1) – 120 000	= 280 000 units	(1of)	
			As a percentage of sale	$es = \frac{280\ 000}{400\ 000}$	(1of) =	= 70% (1of)	[4]

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Page 6		Mark Scheme: Teachers' version GCE A/AS LEVEL – May/June 2009				Sylla	abus P	Paper	
						9706		22	
(h)			Plates		Cupa		Saucers		
(b)					Cups				
			\$		\$		\$		
	Selling		12		18		26		
	Variable costs		10		15		20		
	Unit contribution		2		3	(1)	6	(1)	
	Number of units		400 000	(1)	100 000	(1)	360 000	(1)	
	Total contribution per product		800 000	(1)	300 000	(1)	360 000	(1)	
			Total contribution all 3 products			ts	1 460 000	(1of)	
		less Fixed costs				480 000	(1)		
			Total profit	t			980 000	(1) [1	
(c)	Increase Work for Training	al employment available d pollution local suppliers for new employees							
		suitable answers hree appropriate answers for 2 marks each						I	

[Total: 30]

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