

UNIVERSITY OF CAMBRIDGE INTERNATIONAL EXAMINATIONS General Certificate of Education Advanced Subsidiary Level and Advanced Level

ACCOUNTING 9706/02

Paper 2 Core Topics
SPECIMEN MARK SCHEME

For Examination from 2010

1 hour 30 minutes

MAXIMUM MARK: 90



1 (a) Income statement for the year ended 30 April 2010

Revenue (Sales) Less returns		\$	\$	\$ 243 000 <u>2 040</u> 240 960	
Less cost of sales Inventory at 1 May 2009 Ordinary good purchased (F Less returns	urchases)	184 000 <u>1 980</u> 182 020	13 500		(1)
Add carriage in		350	<u>182 370</u> 195 870		(1)
Less stock at 30 April 2010 Gross profit Discount received Rent receivable Doubtful debts provision	(2420 + 220) (500 – 3% × (9000-200)))	<u>15 100</u>	180 770 60 190 1 300 2 640 236 64 366	(1) (1)
Bad debts written off Carriage out Discount allowed Electricity General expenses Depreciation on machinery Interest due on loan Profit for the year	(2100 – 40) (9340 + 50) ((52000 – 15600) × 40' ((11% × 60000)/2)	%)	200 800 1 800 2 060 9 390 14 560 3 300	32 110 32 256	(1) (1) (1) (1)

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(b) Balance Sheet at 30 April 2010

No	n-current Assets		\$	\$ N	\$ let Book Va	alue
	operty ochinery				250 000 <u>21 840</u> 271 840	(1)of if < 36 400
Inv Tra Les Pre	rrent Assets entory (stock) ade Receivables (Debtors) as DD Provision epayment nt receivable sh	8 800 264	15 100 8 536 40 220 990	24 886	2, , , , ,	must be 8800 and (1)of if DDP < 500 (1) (1)
Tra Bar Acc Inte Ne	rrent Liabilities ade payables (Creditors) nk crual erest due t current assets n-current Liabilities ng-term loan (11%)		11 460 8 260 50 3 300	<u>23 070</u>	1 816 273 656 60 000 213 656	(1) (1) (1) (1)of
Ca Add	uity pital at 1 May 2007 d profit for the year ss drawings				200 000 32 256 232 256 18 600 213 656	(1)of (1) (1) [11]
(c) (i)	Current ratio = 24886/2307	' 0		1.08	3:1	(1)of
(ii)	Liquid ratio = 9786/23070			0.42	2:1	(1)of
(iii)	Rate of stock turnover = 18	30770/143	300	12.6	34 times	(1)of
(iv)	Gross profit as a percentag	ge of sale	s 28.87 days	s 24.9	98%	(1)of
(v)	Net profit as a percentage	of sales		13.3	39%	(1)of
	(iv) and (v) denominator m	ust be ne	t sales i.e. r	ot 243 00	00	[5]

(d) (i) Ratios are used to compare a firm's performance with another year, or with another business of the same type. [2]

(ii) Interested parties might be:

Bank manager Directors Competitors

Customs and excise Creditors Investors/Shareholders Employees Debtors NOT Stakeholders

The media (Newspapers, TV etc)

Allow ONE group only of members of the firm

Etc. One mark each to a maximum of [4]

[Total: 30]

2 (a)

	Purchases Ledger Control Account						
	Dr			Cr			
	\$			\$			
Payments	45 000	(2)	Balance b/d	12 000			
Discounts	1 000	(2)	Purchases	48 000	(1+10F)		
Balance c/d	14 000	(1)	_				
	60 000			60 000			

Sales Ledger Control Account

	Dr			Cr	
	\$			\$	
Balance b/d	13 300		Receipts	58 000	(2)
Late banked	250	(2)	Late banked	400	(2)
last year			this year		
Sales	60 750	(1+10F)	Discounts	1 200	(2)
			Bad Debts	1 100	(2)
_			Balance c/d	13 600	(1)
	74 300			74 300	

[13]

[7]

(b)
Opening inventory \$21 500 (1)
add Purchases \$48 000 (OF 1)
\$69 500
less Closing inventory \$18 500 (1)

[4]

(c) (i) (1) (1) (1)
$$14\ 000 \times 365 \div 48\ 000 = 106.45 \rightarrow 106\ days (accept 107\ days)$$
 [3]

\$51 000

(OF 1)

(ii) (1) (1) (1)
$$13\ 600 \times 365 \div 60\ 750 = 81.71 \rightarrow 82\ days\ (accept\ 81\ days)$$
 [3]

[Total: 30]

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Cost of Sales

3 (a) 19 500 / 2 = 9750 hours to manufacture 6 months' supply floor cleaner

(b)									
()		Kitchen \$		Floor \$		Bathroom \$		TOTAL \$	
	Sales Less costs:	240 000	(1)	136 500	(1)	165 000	0 (1)	541 500	[3]
	Direct Materials	81 000	(1)	76 050	(1)	49 500) (1)	206 550	[3]
	Direct labour	45 000	(1)	29 250	(1)	33 000) (1)	107 250	[3]
	Variable Overhead	54 000	(1)	70 200	(1)	16 500) (1)	140 700	[3]
	Fixed Costs	22 500	(1)	14 625	(1)	16 500	(1)	53 625	[3]
	TOTAL COSTS	202 500		190 125	;	115 500)	508 125	
	Profit (Loss)	37 500	(1)	(53 625)	(1)	49 500	(1)	33 375	[3]
(c)	(i)								
(c)	Sales		40 000	(1)	136 500	(1)	165 000	(1)	

Sales 240 000 (1) 136 500 (1) 165 000 (1)

Less variable costs (180 000) (1) (175 500) (1) (99 000) (1)

Contribution 60 000 (39 000) 66 000 87 000

[6]

(ii)

Contribution	60 000		(39 000)		66 000	
Direct labour hours	15 000		9 750		11 000	
Contribution per DL hour	\$4	(1)	(\$4)	(1)	\$6	(1)

[3]

[Total: 30]

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