## MARK SCHEME for the May/June 2011 question paper

## for the guidance of teachers

## 9706 ACCOUNTING

9706/43

Paper 4 (Problem Solving (Supplement)), maximum raw mark 120

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.

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

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Statement of Financial Position at 30 April 2011 \$000 \$000 \$000Non-current assets $525 2$ $530 (1) - 5 (1)$ $0 ther non-current assets1650 42 012(1) - 270(1) + 20(1)1775 - 112(1)Current assets1610 11Current liabilitiesConvertible loan stock 2011100545 71 + 1 for position7Current liabilitiesDebentures2001002 9401 + 1 for position7EquityChinary shares2001 000 + 50 = 1050Share premium2001 000 + 50 = 1050Share premium850 22 750 + 100 = 850Revaluation reserveGeneral reserve280 21 0 22 9402 00 12 940Trade and other payables983 - 110 + 170 + 117 - 95 = 1 065 - 1 610 = (545)1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 $			GCE	GCE A LEVEL – May/June 2011 9706									
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(c) When the market value of the share is higher than the price given in their option to						•					[~]		
(c) when the market value of the share is higher than the price given in their option to	(-)	14/6 5 11		fthe	م اما دا	- الل م	ب ماله م		niven in their cut				
convert 2	(C)		e market value o	in the share i	s nigne	ertna	n the p	rice (	given in their optio				
In this case when market value is higher than \$3 a share <b>1</b> [3]			se when market	value is hio	her tha	in \$3	a share	÷			[3]		
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[40]											[40]		

	Ра	ge 3		Mark Scheme: Teachers' version								Paper	
			GCE	A LE	EVEL – M	ay/J	une 2011		ę	9706		43	
2	(a)				Can	itala	aaaunta						
2	(a)		Р		Cap R	itai a	ccounts		Р		R		
			\$		\$				\$		\$		
		Goodwill	Goodwill 15 000 1			1	Balance	b/d	150 00	0	90 <del>0</del> 0	0 <b>1</b> *	
				-		-	Goodwil		12 50		12 50		
		Balance	c/d <u>182 500</u>		<u>127 500</u>		Premise		35 00		35 00		
			197 500		137 500				197 50		137 50	0	
							Balance	b/d	182 50	0	127 50	0 1of [6]	
	(b)	Net profi	t = (26 350 + 6 5	50)	•	-	00) + (21 0		500) =	-	00	[4]	
	(c)						6 months to 30 June \$				6 months o 31 Dec \$		
		Net	profit				φ 33 000				φ 33 000	1of*	
			est on drawings	Р	820	1	00 000		1700		00 000		
			eet en arennige	R	720		1 540		1500		3 200		
					34 54						36 200		
		Sala	ries	Ρ	(5 000	,		•	2 000) '				
				R	(2 000	) 1	(7 000)	(9	9 000) '	1 (	(21 000)		
		IOC		Ρ	(7 500	) 1		(9	9 125) '	1of			
				R	(4 500	) 1	(12 000)	(6	6 375)	1of (	(15 500)		
		•		_			15 540		(		(300)		
		Sha	re of profit	Р	7 770				(180)		(200)	F4 71	
				R	7 770	101	15 540		(120)	101	(300)	[17]	
	(d)	Current a	accounts		Poppy \$		Rose \$						
		Bala	ince b/d		φ 8 500		φ (2 100)	1*					
			vings		(21 000		(18 500)						
		IOD	inige		(2 520	,	(2 220)						
		Sala	ries		17 000								
		IOC			16 625								
			re of profit				7 650						
		Bala	ince c/d		26 195	1of	6 705	10f				[11]	
(e)	Years of inflation had made their salaries unrealistic. Change in balance of workload between partners												
	Other reasonable answer 1 × 2 [2											[2]	
	NB 1* means one mark for both [40											[40]	

3       (a)       Production budget       Jul       Aug       Sep       Oct       Nov       Der         Opening inventory 100       250       250       200       200       100         Production (units)       950       1       1050       1       1350       1       1100       1       850       1       850         Sales $-800$ $-1050$ $-1400$ $-1100$ $-950$ $-850$ Closing inventory       250       250       200       200       100       100         (b)       Raw materials purchasing budget       Jul       Aug       Sep       Oct       Nov       Der $1,$ Production (units)       950       1<050       1       350       100       850       850         Price/kg       4       4       4.5	. «g	e 4	Mark Scheme: Teachers' version									llabus		Paper		
Jul         Aug         Sep         Oct         Nov         De           Opening inventory 100         250         250         200         200         100           Production (units) 950         1         1050         1         1350         1         100         1         850         1         850           Sales $-800$ $-1050$ $-1400$ $-1100$ $-950$ $-850$ Closing inventory 250         250         200         200         100         100           (b) Raw materials purchasing budget         Jul         Aug         Sep         Oct         Nov         De           Production (units)         950         1050         1350         100         850         850           Price/kg         4         4         4.5         4.5         4.5         4.5         4.5           No of kgs         2				GCE	A LEV	/EL – I	May/	June 20	11		9706			43		
Production (units) 950 1 1050 1 1350 1 1100 1 850 1 850 Sales $-800 - 1050 - 1400 - 1100 - 950 - 850 - 850 - 850 - 850 - 200 - 100 $	(a) F	Productio	on budget	Jul		Aug		Sep		Oct		Nov		Dec		
Jul       Aug       Sep       Oct       Nov       Derive (1)         Production (units)       950       1050       1350       100       850       850         Price/kg       4       4       4.5       4.5       4.5       4.5       4.5       9         No of kgs       2	F	Productio Sales	on (units)	950 - <u>800</u>		1 050 <u>1 050</u>	1	1 350 – <u>1 400</u>	1	1 100 - <u>1 100</u>	1	850 – <u>950</u>	1	100 850 – <u>850</u> <u>100</u>		
Production (units) 950 1 050 1 350 100 850 850 Price/kg 4 4 4 4.5 4.5 4.5 4.5 9 No of kgs 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2	(b) F	Raw mat	erials pur		ng bud	-		Sep				Nov		Dec		
\$ 7 600 1 of 8 400 1 of 12 150 1 of 9 900 1 of 7 650 1 of 8 500 (c) $76\ 000 + $199\ 500 = $275\ 500$ 1 1 (d) Trade receivables budget (d) Trade receivables budget 5ep Oct Nov Dec \$ \$ \$ \$ Opening balance 275\ 500\ 1 of 365\ 750\ 353\ 000\ 300\ 000\ 5ales 266\ 000\ 1\ 220\ 000\ 1\ 190\ 000\ 1\ 170\ 000\ 1\ 541\ 500\ 585\ 750\ 543\ 000\ 470\ 000\ 1\ 99\ 70\ 01\ 105\ 600\ 1\ 91\ 200\ 1\ 100\ 01\ 000\ 1\ 00\ 01\ 00\ 01\ 00\ 01\ 00\ 01\ 00\ 01\ 00\ 01\ 00\ 01\ 00\ 01\ 00\ 01\ 00\ 01\ 00\ 01\ 00\ 01\ 00\ 01\ 00\ 01\ 00\ 00	F	Price/kg	<b>、</b>	4		4		4.5		100 4.5		4.5		850 5 2		
$\begin{array}{c ccccccccccccccccccccccccccccccccccc$			7	600	1of	8 400	1of	12 150	1of	9 900	1of	7 650	1of	8 500	1of [6]	
$\begin{array}{c ccccccccccccccccccccccccccccccccccc$	(c) \$	576 000 · <b>1</b>		0 = \$	275 50	00									[2]	
$ \begin{array}{c ccccccccccccccccccccccccccccccccccc$	<b>(d)</b> ⊺	Frade rec	ceivables	budge				Oct		No	v		Dec			
Receipts       Month 1       95 760       1       127 680       1       105 600       1       91 200       1         Month 2       76 000       1       99 750       1       133 000       1       110 000       1         Discount       3 990       1       5 320       1       4 400       1       3 800       1         Closing balance       365 750       1of       353 000       1of       300 000       1of       265 000       1of         (e)       Formalise business plans       Bring together plans for different departments       Control of cost (standard for comparison)       Predict shortages of cash/labour/materials       Predict shortages of cash/labour/materials       Predict shortages of cash/labour/materials			balance	<u>26</u>	75 500 <u>36 000</u>	1	22	65 750 20 000	1	353 0 <u>190 0</u>	<u>00</u> 1	<u>1</u>	00 00 70 00	<u>0</u> 1		
Closing balance <u>365 750</u> <b>1of</b> <u>353 000</u> <b>1of</b> <u>300 000</u> <b>1of</b> <u>265 000</u> <b>1of</b> <b>(e)</b> Formalise business plans Bring together plans for different departments Control of cost (standard for comparison) Predict shortages of cash/labour/materials		•		1 9	95 760 76 000	1 1	12	27 680 99 750	1	105 6 133 0	00 <b>1</b> 00 <b>1</b>		91 20 10 00	0 <b>1</b> 0 <b>1</b>		
Bring together plans for different departments Control of cost (standard for comparison) Predict shortages of cash/labour/materials			alance	36			3					of $\frac{1}{2}$			[21]	
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Forces management to consider the future Any three × 1 mark	F	Forces m	anageme	ent to (	consid	er the			×1n	nark					[3]	
(f) (i) Depreciation 1 Increase in PDD	(f) (			D			1									
<ul> <li>(ii) Loan repayment</li> <li>Purchase of non-current (fixed) asset</li> <li>Any acceptable answer</li> <li>1</li> </ul>	(i	Purc	hase of n	on-cu		ixed) a									[2]	
															[40]	