MARK SCHEME for the May/June 2011 question paper

for the guidance of teachers

9706 ACCOUNTING

9706/42

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.

Cambridge is publishing the mark schemes for the May/June 2011 question papers for most IGCSE, GCE Advanced Level and Advanced Subsidiary Level syllabuses and some Ordinary Level syllabuses.



	Page 2	Mark Scheme: Teachers' version	Syllabus	Paper
		GCE A LEVEL – May/June 2011	9706	42
1	Divi Prot (ii) Prot Tax Inte	ation 28 rest <u>32</u>	1 1 1of 1	[7]
	Operatin Profit fro Amortisa Deprecia Increase Profit on Tax paio Interest Net cash <u>Cash flo</u> Proceed Purchas <u>Cash flo</u> Proceed Dividenc	ation of patents 25 ation (190 + 24) 214 ation inventory(18)ation inventory(18)ation inventory(18)ation inventory(18)ation inventory(18)ation inventory(18)ation investion payables7ation disposal(3)disposal(3)disposal(24)paid (32 + 14 - 4)(42)n from operating activities1ls of sale of non-current assets20e of non-current assets(488)ws from financing activities(468)ls of debenture issue300d paid(30)270 270	2 1 1 1 1 1 1 3 1 1 1 1 1 2cf or 1of 1	[25]
		issue is made to raise additional capital (for cash) issue is funded from reserves	2 2	[4]
	(ii)	re premium valuation reserve To keep reserves in the most flexible/distributable for To use capital reserves before revenue reserves	1 1 m 2 2	[4]

Page 3							hers' vers av/June 20		Paper 42	
2	(a)	Income and expenditure account for the year ended 31 December 2010						9706		
		\$ \$ Annual s life subse				150)		39 75 <u>24</u> 39 99	<u>0</u> 1	
		Cafe los	s (4 440 1	– 8 000 1))		3 560			
		Wages (l Rent General Heat, ligl	expense	es	240 +	+ 910)	10 600 12 000 4 620 9 150		1 1	
		Deprecia	ition (17	200 + 5	5 300 -	- 19 500)	<u>3 000</u>	<u>42 93</u>	1	
		Deficit							<u>0</u> 1of	[9]
	(b)				Balan	ce sheet	at 31 Dece	mber 2010		
		Non-cur Equipme		sets					19 500 1	
		Current						800		
		Inventory Subscrip						800 750	1 1	
		Bank						<u>3 780</u> 5 330	1	
		Current		es				0.000	_	
		Cafe pay Heat, lig		ower			760 910		1 1	
		Subscrip	•				<u>150</u>	1 900	1	
								<u>1 820</u>	<u>3 510</u> 23 010	
		Accumu At 1 Janu Deficit At 31 De life mem	uary cember		\$1 600) – 240)			21 390 6 <u>(2 940)</u> 1of 18 450 <u>4 560</u> 1of	
						,	- 700 – 300	1	23 010	[15]
		1of	1	1	1	1	1	,		[:-]

Page 4	Mark Scheme: Teachers' version	Syllabus	Paper
	GCE A LEVEL – May/June 2011	9706	42

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Not-for-profit organisation	Public limited company		
Has balance sheet	Has statement of financial position		
Shows accumulated fund	Shows share capital and reserves		
Has income and expenditure account	Has income statement		
Shows surplus or deficit	Shows profit or loss		
Limited access to financial statements	General access to financial statements		
Has receipts and payments account	Has statement of cash flow		

2 for any pair

(d)		Review of business Principal activities Changes in principal activities Dividend recommended Principal risks and uncertainties facing co Position of company at year end Transfers to reserves Key performance indicators – EPS – including environmental matters and employee matters Changes to board Subsidiary undertakings Directors' interests Details of AGM Statement of responsibilities Directors' remuneration Research and development Donations Corporate governance	2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2
3	(a)	(i) 180 000 + (4 × 4.5) = 10 000 units 1 10f	[2]
		(ii) 150 000 + (2.5 × 10 000) = \$6 2of	[2]
		(iii) 50 000 + (2.5 × 10 000) = \$2 20f	[2]
		(iv) 35 000 + 10 000 = \$3.50 2of	[2]
		(v) <u>15 000 + \$10</u> 1 × 100 = 15% 1of 10 000 1of	[3]
	(b)	(i) 10 000 – 1 500 – 700 = 7 800 units 1of 1 1	[3]

Page 5			heme: Teache		Syllabus	Paper
	GCE		LEVEL – May/	June 2011	9706	42
(ii)	Finis	shed goods				
	Proc	cess 1	367 059	(7 800/8 500) × 400 1of	0 000 1	
	Dire	ct materials	46 800	7 800 × (1.5 × 4) 1 1		
	Dire	ct labour	78 000	7 800 × (2 × 5) 1 1		
	Vari	able overhead	39 000	7 800 × (2 × 2.5) 1 1		
	Fixe	d overhead	15 600	7 800 × 2 1 1		
			546 459	· ·		[11]
(iii)	Wor	k in progress				
	Proc	cess 1	32 941	(700/8 500) × 400 (1of 1		
	Dire	ct materials	2 100	700 × (1.5 × 4 × 0.5 1 1		
	Dire	ct labour	5 250	700 × (2 × 5 × 0.75 1 1	5)	
	Vari	able overhead	2 625	$700 \times (2 \times 2.5 \times 0.7)$	75)	
			42 916			[9]
(c)	(c)			ess 2		
\$			400.000.4			
	DCESS	1 300 + 2 100)	400 000 1 48 900 1 0		2 916 6 456≻ 1of	
		00 + 5 250)	83 250 1 0	0		
	•	000 + 2 625)	41 625 1 0			
FO)		<u> 15 600</u> 1o <u>589 375</u> 1o		9 375	[6]
			<u></u> IC	. <u> </u>	<u></u>	[0]