MARK SCHEME for the October/November 2013 series

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 should be read in conjunction with the question paper and the Principal Examiner Report for Teachers.

Cambridge will not enter into discussions about these mark schemes.

Cambridge is publishing the mark schemes for the October/November 2013 series for most IGCSE, GCE Advanced Level and Advanced Subsidiary Level components and some Ordinary Level components.



Page 2		Mark Scheme							Syllabus	Paper	
		GCE A LEVEL – October/November 2013							9706	43	
1 (a)		Partners Capital Accounts									
	А		В		С			А	В	С	
	\$		\$		\$			\$	\$	\$	
							Bal. b/d	45 000	35 000	27 500 (1)	
Goodwill	14 400) (1)	9 600	(1)			Goodwill	12 000	(1) 8 000	(1) 4 000 (1)	
Re-valuatior	n 3750) (1)	2 500	(1)	1 250	(1)					
Loan a/c					30 250	(1)of					
Bal c/d	38 850)	30 900								
	<u>57 000</u>	<u>)</u>	<u>43 000</u>		<u>31 500</u>	(1)of		<u>57 000</u>	<u>43 000</u>	<u>31 500</u>	
							Bal. b/d	38 850	30 900	(1)of	
										[12]	

(b) Income statement and appropriation account for year ending 30 June 2013

	9 months t \$	to 31 Ma	arch 2013 \$	3 months \$	s to 30 June 2013 \$	
Gross profit Bad debts rec	Ψ		238 500 <u>6 000</u> (1)		79 500	(1)
	110 500		244 500		79 500	
Wages Rent	112 500 20 625			37 500 6 875	(1) (2)	
Heat and light Sundries	9 450 2 250			3 150 750	\	
Loan interest			(111 005)		(2)of	N
Net profit Int. on cap			(<u>144 825</u>) 99 675 (1)	of	(<u>48 880</u> 30 620	
AB	3 038 2 363			777 <u>618</u>		
C	<u>1 856</u>	• •		<u>010</u>		,
			<u>(7 257</u>) 92 418		<u>(1 395</u> 29 225	
Profit	10.000	(A) A		/= = = =		
A B	46 209 30 806			17 535 <u>11 690</u>	. ,	
С	<u>15 403</u>	(1)of	(<u>92 418</u>)		(29 225)
					<u>NIL</u>	[22]
(c) More capital m More knowledg May offer wide More cover ava	ge, experie r range of s	nce beco services	to customers.	(2)		
Losses may be		ng absei		(2)		[0]
				max 6		[6]

[Total: 40]

Pa	ige 3	Mark Scheme	Syllabus	Paper	
		GCE A LEVEL – October/November 2013	9706	43	
2 (a)		Voronez plc At 30 June 2012			
	Issue of	<i>share capital</i> 120 000 ordinary \$1 shares sue one share for every four held	\$ 120 000 <u>30 000</u> 150 000	(1)	
	•	sue one share for every six held nt of financial position	<u>25 000</u> <u>175 000</u>	(1)	
	Issue of	<i>ce share capital</i> 40 000 redeemable preference \$1 shares nt of financial position	\$ <u>40 000</u> <u>40 000</u>	• •	
	Premium Premium	emium o on issue of ordinary shares 120 000 @ \$0.10 o on issue of preference shares 40 000 @ \$0.15 o on rights issue of ordinary shares 25 000 @ \$0.60 nt of financial position			
	Profit for Dividend Transfer	l earnings the year (after preference dividend \$2000) on ordinary shares 120 000 @ \$0.10 to ordinary share capital (bonus issue) nt of financial position	\$ 100 000 (12 000 (<u>30 000</u> <u>58 000</u>) (2)	[17]
(b)		Voronez plc At 30 June 2013			
	Balance Purchase	share capital at start of year e of own shares nt of financial position	\$ 175 000 (<u>80 000</u> <u>95 000</u>) (1)	
	<i>Share pr</i> Balance	e <i>mium</i> at start of year	\$ 33 000	(1)OF	
		edemption reserve e of own shares	\$ 80 000	(1)	
	Balance Profit for Preferen Capital re Capital re	<i>l earnings</i> at start of year the year ce dividend edemption reserve – par value of shares edemption reserve – premium on redemption nt of financial position	\$ 58 000 86 000 (2 000 (80 000 (<u>10 000</u> <u>52 000</u>) (1)) (2)) (2)	[12]

(c) Dividends must be paid from revenue reserves (retained earnings). (1)
No dividend can be paid if no retained earnings (1) or revenue reserves (1).
Dividends may not be paid from share capital (1) or capital reserves (1).

[5]

	Page 4		Mark	S	yllabus	Paper		
			GCE A LEVEL – O	ctober/No		9706	43	
	e	nsı	pital redemption reserve ire the capital and cash o	any is not tak	en out of	the busines	s (1). [2]	
			whole of the amount of suse no new issues of sh					
	• •		capital redemption rese eholders (1) .	erve may	be used to is	sue bon	us shares	(1) to existing [2]
								[Total: 40]
3	(a)		Budgeted income stat	ement for t	he year endin	g 31 May	2014	
				\$		\$		
	Rever	nue				58 870		
		•	inventory	4 800				
	Ordin	Ordinary goods purchased		<u>23 770</u> 28 570	(1)both			
			nventory	<u> </u>	(1)both	00.470		
	Cost o Gross					<u>23 470</u> 35 400		
			received			55 400		
	Less:					238	(1)	
			allowed	1 177				
	Bad d Rent	lebi	S	589 10 000				
		nist	ration costs	10 300				
	Intere	est		480	• •			
	Insura			1 850				
	Loss (Depre		disposal tion	500	(1)			
			ires and fittings	2 300	(1)			
		/ehi		7 200	• •			
	Budge	eteo	d profit for the year			<u>34 396</u> <u>1 242</u>	(1)of	[13]

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		GCE A LEV	706		43					
(b)		Budgeted sta	geted statement of financial position at 31 May 2014							
				\$		\$			\$	
	Non-cur	rent assets	С	ost		Depreci	ation	Net	book v	alue
		and fittings		000		9 40			13 600	
	Vehicle			000		7 20			10 800	(1)of
	. .		<u>41</u>	000		<u>16 60</u>	<u>0</u>	2	24 400	
	Current					F 40	0 (4)			
	Inventory	/ ceivables				5 10	0 (1)			
		58 870 (1)of – 59	700 (1)							
		1)of – 589 (1)of	, 700 (1)			9 30	Л			
		ceivables (insuran					<u>0</u> (1)			
·			00)			14 90				
(Current	liabilities				1100	•			
	Trade pa									
		3 770 (1)of – 20 7	'00 (1)							
	– 238 (1)		• •	932						
		yables (interest)		240	(1)					
		d cash equivalents			. ,					
		(bank)	<u>5</u>	<u>340</u>	(1)	<u>14 51</u>	2			
	Net curre	ent assets						-	392	
								2	24 792	
		rent liabilities							0 000	(2)
	*Bank loa	an (0%)							<u>8 000</u> 16 792	(2)
									10 7 92	
	Capital a	t 1 June 2013						2	25 550	
		ntroduced						-	5 000	(1)
		the year							1 242	• •
		5							31 792	()
	Drawings	3						1	<u>15 000</u>	
	_							1	16 792	
		marks for correc				•				F 4
	1 mark f	or incorrect figu	re if it is a ba	anci	ing f	igure.				[17]
			9 304 (1)of	:						
(c) [·]	Trade ree	ceivables days =		×3	365 =	= 57.7 days				
			588/0 (1)01							
	+ Invento	orv davs =	4 950 (1) 23 470 (1) 01	×	365 =	= 77.0 days				
			23 470 (1)o 1							
	Trada	aavables dave -	8 932 (1)of		265 -	- 137 2 dava				
-		payables days =	23 770 (1)of	×	- 00	= <u>137.2 days</u>				
						(2.5) days (1)of			[7]

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(d) Improve credit control for trade receivables/trade payables. Use factoring. Reduce inventory levels. Sell surplus non-current assets (if any). Take additional bank loan. Introduce additional capital Reduce drawings. Any three × 1 mark

[3]

[Total: 40]