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 2012 series for most IGCSE, GCE Advanced Level and Advanced Subsidiary Level components and some Ordinary Level components.
1 (a) Calculation of purchases of goods for re-sale

$  
Opening trade payables (14 000)  
Payments to suppliers 88 600 1  
Closing trade payables 13 600 1  
Total goods for resale 88 200 1  

[3]

(b) Calculation of total sales

$  
Opening trade receivables (18 000)  
Receipts from customers 132 900 1  
Closing trade receivables 20 500 1  
Credit sales 135 400 1  
Add: cash sales 6 600 1  
Total sales 142 000 1  

N.B. Accept creditors and debtors control accounts for marks  

[5]

(c) Calculation of stock loss

$  
Total sales 142 000  
Gross profit @ 40% 56 800 1  
Cost of sales 85 200 1  
Closing stock $88 200 + $6 000 – $85 200 = 9 000 2  
Actual stock @ cost $14 000 × 60% = 8 400 2  
Cost of stock lost 600 1 of  

of = own figure  

[7]

(d) Asset disposal of account

$  
Cost of vehicle sold 16 000  
Depreciation of vehicle 8 000 2  
(16 000 × 25% × 2)  
Profit on disposal 600 1 of  
Bank 3 600 1  
Trade in allowance 5 000 1  
16 600 16 600  

[5]

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(e) Income statement for the year ended 30 June 2012

Sales 142 000
Opening inventory 6 000
Purchases 88 200
Closing inventory (9 000)
Cost of goods sold 85 200
Gross profit 56 800 1 of
Profit on disposal of vehicle 600 1 of

Provision for doubtful debts (20 500 × 3%) 615 1
Stock loss 600 1 of
Expenses (17 400 – 500 – 320) 16580 2
Depreciation
  Fixtures (32 000 × 10%) 3 200 1
  Motor vehicles (65 000 – 16 000 + 20 000 × 25%) 17 250 2

Net profit 38 245 1 of

[Total: 30]

2 (a) $ $  
Balance b/d 2 600 1 Balance b/d 6 300 1
Income and expenditure 86 980 1 Bank 84 400 1
  Bad debts 280 1
Balance c/d 4 500 1 Balance c/d 3 100 1

94 080 94 080 [7]

(b) PPE Rowing Club

Income and Expenditure Account for the year ended 31 March 2012

$  $  
Income
  Subscriptions 86 980 1 of
  Profit from competitions [12 200 – (3 100 + 800 – 300)] 8 600 4
  Profit from dinner dance [14 000 – (2 400 + 5 200)] 6 400 3
  Donations 1 500
  Interest 500 1

  103 980

Expenditure
  Insurance 9 800
  Clubhouse maintenance 10 300
  General expenses 29 800 1
  Electricity 1 600
  Bad debts 280 1
  Depreciation 40 000 1
  Loss on Sale of fixed asset 2 000 1

  93 780 [13]

Surplus of income 10 200
PPE Rowing Club
Statement of Financial Position at 31 March 2012

<table>
<thead>
<tr>
<th>Non current assets</th>
<th>$</th>
<th>$</th>
</tr>
</thead>
<tbody>
<tr>
<td>Clubhouse</td>
<td>150 000</td>
<td></td>
</tr>
<tr>
<td>Equipment</td>
<td>140 000</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>290 000</strong></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Current assets</th>
<th>$</th>
<th>$</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stock of prizes</td>
<td>300</td>
<td></td>
</tr>
<tr>
<td>Subs owing</td>
<td>3 100</td>
<td></td>
</tr>
<tr>
<td>Interest owing</td>
<td>500</td>
<td></td>
</tr>
<tr>
<td>Deposit account</td>
<td>20 000</td>
<td></td>
</tr>
<tr>
<td>Bank</td>
<td>10 500</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>34 400</strong></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Current liabilities</th>
<th>$</th>
<th>$</th>
</tr>
</thead>
<tbody>
<tr>
<td>Subscriptions in advance</td>
<td>4 500</td>
<td></td>
</tr>
<tr>
<td>General expenses owing</td>
<td>400</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>4 900</strong></td>
<td></td>
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</tbody>
</table>

**Working Capital**

<table>
<thead>
<tr>
<th></th>
<th>$</th>
<th>$</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total</strong></td>
<td><strong>29 500</strong></td>
<td></td>
</tr>
</tbody>
</table>

**Financed by**

<table>
<thead>
<tr>
<th></th>
<th>$</th>
<th>$</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accumulated Fund</td>
<td>309 300</td>
<td></td>
</tr>
<tr>
<td>Surplus of income</td>
<td>10 200</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>319 500</strong></td>
<td></td>
</tr>
</tbody>
</table>

Award 1 for Accumulated Fund figure of $306 300

[Total: 30]

3 (a) (i)

<table>
<thead>
<tr>
<th>Units</th>
<th>Basic</th>
<th>Deluxe</th>
<th>Super</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>X by Hours</td>
<td>4 000</td>
<td>2 000</td>
<td>500</td>
<td>26 000</td>
</tr>
<tr>
<td><strong>Total labour hours</strong></td>
<td>12 000</td>
<td>10 000</td>
<td>4 000</td>
<td>26 000</td>
</tr>
</tbody>
</table>

(ii) $39 000 \div 26 000 = $1.50 per DLH

(iii) | | | |
| Sales price | $ | $ | $ |
| Variable cost | 6 | 14 | 16 |
| Contribution per unit | 6 | 6 | 14 |

(iv) | | | |
| Contribution per unit | $ | $ | $ |
| Labour hours | 3 | 5 | 8 |
| Contribution per direct labour hour | 2.00 | 1.20 | 1.75 |

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(b) Basic Deluxe Super

Order of priority 1 3 2
Sales 4 000 2 000 500
Hours per unit 3 5 8
Total hours 12 000 10 000 4 000
Hours left 8 400
Units 4 000 1 680 500

Profit Statement

Sales (units) 4 000 1 680 500
Sales income 48 000 33 600 15 000
Less Variable costs (24 000) (23 520) (8 000)
Total cont. (24 000) 10 080 7 000 3
Less Fixed costs (18 000) (12 600) (6 000) 3
Net profit/loss 6 000 (2 520) 1 000 1

(ii) Estimated FC $39 000 1
Actual FC 36 600 1 of
OH underabs 2 400 1 of

Sales price 100
Variable costs 95
Contribution 5

BEP = $10 000/5 = 2 000 units 1 = $200 000 1

BEP = $10 000/5 = 2 000 units
Less sales 2 200 units
Margin of safety 200 units 1
Margin of safety (value) $20 000 1

[Total: 30]