

MARK SCHEME for the October/November 2007 question paper

9706 ACCOUNTING

9706/02

Paper 2 (Structured Questions), maximum raw mark 90

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.

All Examiners are instructed that alternative correct answers and unexpected approaches in candidates' scripts must be given marks that fairly reflect the relevant knowledge and skills demonstrated.

Mark schemes must be read in conjunction with the question papers and the report on the examination.

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Page 3	Mark Scheme	Syllabus	Paper
	GCE A/AS LEVEL – October/November 2007	9706	02

A2	(a)		\$	
		Cash takings	273 200	1
		Drawings	14 400	1
		Petrol	960	1
		General expenses	1 100	1
		Wages	<u>12 000</u>	1
		Sales	301 660	1of
				Marks [6]

(b)	Gabriel			
	Trading, Profit and Loss Account for year ended 30 September 2007			
			\$	\$
		Sales		301 660
		less Cost of sales		
		Opening stock	22 000	
		Purchases (21 200 + 182 600)	<u>203 800</u>	2
			225 800	
		less Closing stock	<u>31 250</u>	<u>194 550</u>
		Gross Profit		107 110
		Electricity	2 400	1
		Van maintenance	250	1
		General expenses (2620+1100)	3 720	2
		Wages	12 000	1
		Bad debts (5010-3040)	1 970	2
		Petrol	960	1
		Provision for depreciation on van	<u>1 700</u>	<u>23 000</u>
		Net profit		<u>84 110</u>
				Marks [15]

(c)	Gross profit/sales	<u>107 110</u>	35.51 %	2of
		301 660		
	Net profit/sales	<u>84 110</u>	27.88 %	2of
		301 660		
	Stockturn (weeks)	<u>26 625x52</u>	7.12 weeks	2of
		194 550		
				Marks [6]

(d)	Ratios are used for comparison (a) with other firms of a similar type, (b) with industry standard and (c) with previous years' performance. Etc.			Marks [3]
	Total marks			[30]

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A3 (a)	Assembly	Finishing	Maintenance	Canteen	
	\$	\$	\$	\$	
Allocated overheads	28 100	30 200	9 400	11 000	1
Space costs	15 000	19 000	10 000	11 000	4
Depreciation	35 000	40 000	20 000	25 000	4
Canteen	18 800	16 920	11 280	-47 000	4
Maintenance	<u>30 408</u>	<u>20 272</u>	<u>-50 680</u>	<u>0</u>	3
Total	<u>127 308</u>	<u>126 392</u>	0	0	For both 1
					Marks [17]
(b)(i) Wage costs - Assembly		12000x20	240 000		<u>127 308</u> 1of
		10000x13	130 000		440 000 1
		5000x14	<u>70 000</u>		
		Total	<u>440 000</u>	\$0.29 per \$ labour costs	1of
(ii) Machine hour costs - Finishing		12000x2	24 000		<u>126 392</u> 1of
		10000x3	30 000		74 000 1
		5000x4	<u>20 000</u>		
		Total	<u>74 000</u>	\$1.71 per m/c hour	1of
					Marks [6]
(c) Assembly department is labour intensive					1
Finishing department is capital intensive (accept machine intensive)					1
					Marks [2]
(d) Cost of a two-seat bench			\$		\$
Materials			25.00		25.00 1
Labour - Assembly			13.00		13.00 1
Labour - finishing			4.00		4.00 1
Overheads - Assembly	13 x 0.29		3.77	OR	3.76 1of
Overheads - finishing	3 x 1.71		5.13	OR	5.12 1of
			50.90		50.88
Accept approximate answers for overheads and hence for totals					Marks [5]
					Total [30]
(d) Alternative method using totals		\$			
Materials		250 000			1
Labour - Assembly		130 000			1
Labour - Finishing		<u>40 000</u>			1
Prime cost		420 000			
Prod O/head Assembly		37 700			1of
Prod O/head Finishing		<u>51 300</u>			1of
Total cost		509 000	/10 000 =	\$50.90	
					Marks [5]