## 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.

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

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Paç	ge 2		Syllabus		Paper 02				
		GCE A/AS	9706	(					
(-)									
(a)	Killim and Jaro Profit and Loss and Appropriation account for the year ended 30 September 2007								
	FIUIL	anu Loss anu Aj	september 2007						
	Gross	profit	φ 61 400	1					
		int received			1 910	1			
	Bank i				1 320	1			
	Danki	nerest			64 630	•			
	Genera	al expenses		9 100	01000	1			
		ates and insura	nce (1215+3			1			
		int allowed	,	, 2 010		1			
	Wages	s (14 150 – 450)	)	13 700		1			
	Provisi	ion for deprecia	tion on fixture	es <u>3 275</u>	<u>29 600</u>	1			
	Net pro	•			35 030				
	Interes	t on drawings	Killim	488		1			
			Jaro	<u>    564     </u>	<u>1 052</u>	1			
					36 082				
	Interes	t on capital	Killim	6 000		1			
			Jaro	<u>2 750</u>		1			
				8 750					
	Salary	– Jaro		<u>20 000</u>	<u>28 750</u>	1			
					7 332	1of			
	Share of residue		Killim	4 888		1of			
			Jaro	<u>2 444</u>	<u>7 332</u>	1of			
						Marks	[16		
(b)				Current account – Jaro					
	<u> </u>		\$		\$				
	Balanc		1 147	Share of residue	2 444	1+1of			
	Drawin	igs st on drawings	14 100 564	Salary Interest on capital	20 000 2 750	1+1 1+1			
	Balanc	•		interest on capital	2750				
	Dalanc		<u>9 383</u>			1			
			<u>25 194</u>		<u>25 194</u>				
				Balance b/d	9 383	1of	101		
						Marks	[8]		
(c)	) (i)	(i) Each partner brings in more cash. Control retained, but assumes pa							
	, (י)	have more	at accornes parti	1010					
	(ii)	Bring in a	ss share						
		of profits.							
	(iii)		ate limited co	mpany. Smaller share of profit	and possibly no				
		easing of	workload.		-				
	(iv)	Long-term	loan. Fixed	interest, allows forward plannir	ng but				

- must be paid. Etc. One mark for method, one for each valid point to maximum of
  - three per suggestion. Marks [6]

Total [30]

Page 3		Mark Scheme				llabus	Paper
		GCE A/AS LEVEL – Oc	tober/Nove	mber 200	7 9	706	02
A2 (a)			\$				
()	Ca	sh takings	273 200			1	
		awings	14 400			1	
	Pe	-	960			1	
	Ge	neral expenses	1 100			1	
	Wa	iges	<u>12 000</u>			1	
	Sa		301 660			1of	
						Marks	[6]
(b)							
( )	Trading, Profit and Loss Account for year ended 30 September 2007						
		-	-	\$	\$		
	Sa	les			301 660	1of	
	les	s Cost of sales					
	Ор	ening stock		22 000			
	Pu	rchases (21 200 + 182 600)		<u>203 800</u>		2	
				225 800			
	les	s Closing stock		<u>31 250</u>	<u>194 550</u>	1of	
		oss Profit			107 110	1of	
		ectricity		2 400		1	
		n maintenance		250		1	
	Ge	neral expenses (2620+1100)		3 720		2	
		iges		12 000		1	
	Ва	d debts (5010-3040)		1 970		2	
	Pe	trol		960		1	
	Pro	ovision for depreciation on van		<u>1 700</u>	23 000	1	
		t profit			84 110	1of	
		- F. C			<u>•••••</u>	Marks	[15]
							[]
(c)	Gro	oss profit/sales	<u>107 110</u>	35.51	%	2of	
(0)	0.1		301 660	00.01	,0	20.	
	Νo	t profit/sales	<u>84 110</u>	27.88	%	2of	
	INC.	r pronusaies	<u>301 660</u>	27.00	70	201	
	C+-	ockturn (weeks)		7.12	weeks	264	
	30		26 625x52	1.12	WEEKS	2of	
			194 550			Marks	[6]
						ivia KS	[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]

Page 4			Syllabus 9706	Paper				
		GCE A/AS L	GCE A/AS LEVEL – October/November 2007				02	
A3 (a)	(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	[1
(b)	)(i)	Wage costs - Assemb	ly	12000x20	240 000		<u>127 308</u>	10
				10000x13	130 000		440 000	1
				5000x14	70 000			
				Total	440 000	\$0.29 per \$ la	abour costs	1c
(ii)	(ii)	Machine hour costs - I	Finishing	12000x2	24 000		<u>126 392</u>	10
				10000x3	30 000		74 000	1
				5000x4	20 000			
				Total	74 000	\$1.71 per m/	c hour	1c
							Marks	[6]
	(c)	Assembly department	is labour inte	nsive			1	
		Finishing department	/e)	1				
							Marks	[2]
ĺ	(d)	Cost of a two-seat ber	nch		\$		\$	
		Materials			25.00		25.00	1
		Labour - As	ssembly		13.00		13.00	1
		Labour - fir	nishing		4.00		4.00	1
		Overheads	- Assembly	13 x 0.29	3.77	OR	3.76	1c
		Overheads	- finishing	3 x 1.71	5.13	OR	5.12	10
					50.90		50.88	
		Accept approximate answers for overheads and hence for totals						[5]
		Accept approximate	answers for	overheads an	d hence for to	lais	Marks	
		Accept approximate	answers for	overheads an	d hence for to	lais	Total	[3
	(d)	Accept approximate		overheads an \$	d hence for to	tais		[3
	(d)				d hence for to	1	Total	[3
	(d)	Alternative method us	ing totals	\$	d hence for to		Total	[3
	(d)	Alternative method us Materials	ing totals ssembly	\$ 250 000	d hence for to	1	Total	[3
	(d)	Alternative method us Materials Labour - As	ing totals ssembly nishing	\$ 250 000 130 000	d hence for to	1	Total	[3
	(d)	Alternative method us Materials Labour - As Labour - Fi Prime cost	ing totals ssembly nishing	\$ 250 000 130 000 <u>40 000</u>	d hence for to	1 1 1	Total	[3
	(d)	Alternative method us Materials Labour - As Labour - Fi Prime cost Prod O/hea	ing totals ssembly nishing	\$ 250 000 130 000 <u>40 000</u> 420 000	d hence for to	1 1 1 1	Total	[30
	(d)	Alternative method us Materials Labour - As Labour - Fi Prime cost Prod O/hea	ing totals ssembly nishing ad Assembly	\$ 250 000 130 000 <u>40 000</u> 420 000 37 700	/10 000 =	1 1 1 1	Total	[3