GCE Ordinary Level

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7110 PRINCIPLES OF ACCOUNTS

7110/02

Paper 2 (Structured) maximum raw mark 100

This mark scheme is published as an aid to teachers and students, to indicate the requirements of the examination. It shows the basis on which Examiners were initially instructed to award marks. It does not indicate the details of the discussions that took place at an Examiners' meeting before marking began. Any substantial changes to the mark scheme that arose from these discussions will be recorded in the published Report on the Examination.

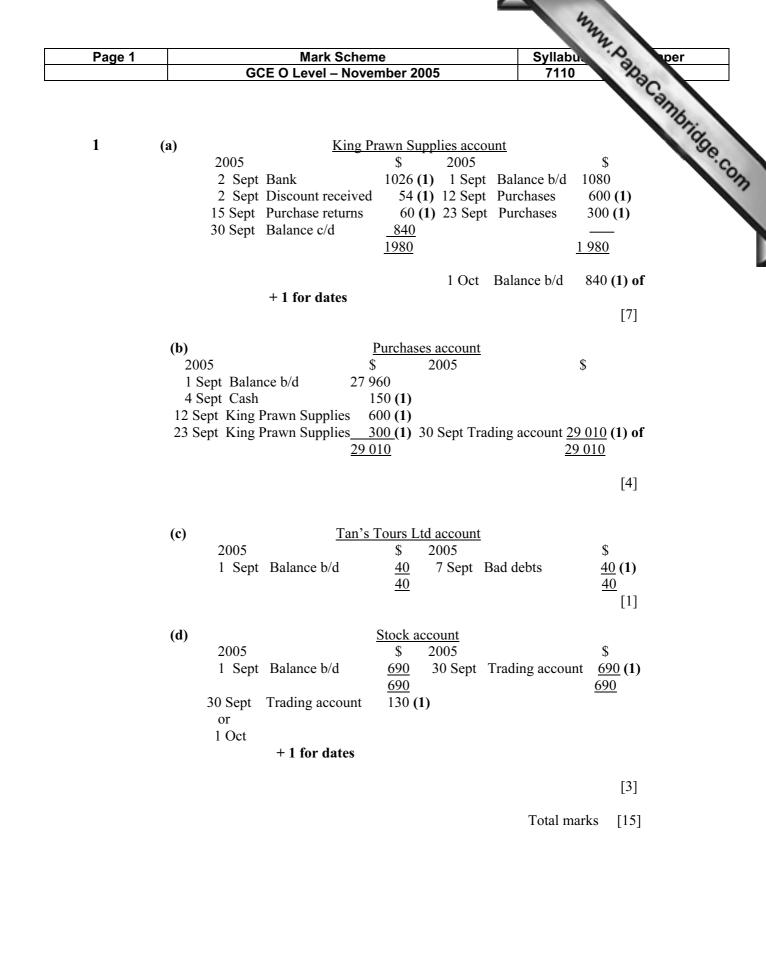
All Examiners are instructed that alternative correct answers and unexpected approaches in candidates' scripts must be given marks that fairly reflect the relevant knowledge and skills demonstrated.

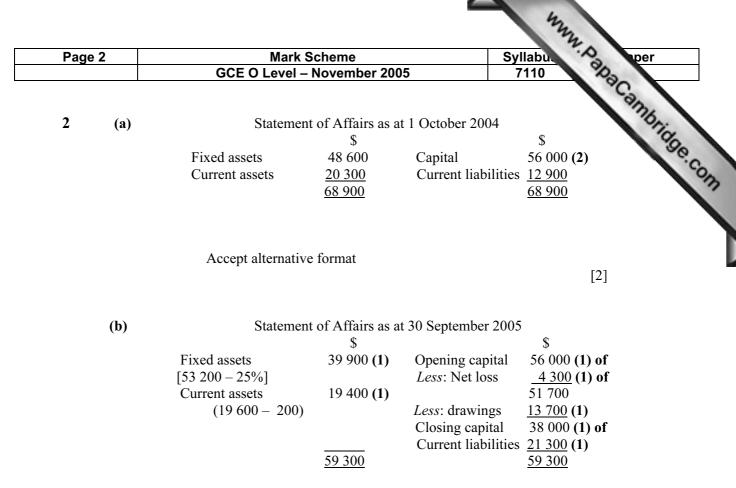
Mark schemes must be read in conjunction with the question papers and the Report on the Examination.

The minimum marks in these components needed for various grades were previously published with these mark schemes, but are now instead included in the Report on the Examination for this session.

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

CIE is publishing the mark schemes for the November 2005 question papers for most IGCSE and GCE Advanced Level and Advanced Subsidiary Level syllabuses and some Ordinary Level syllabuses.





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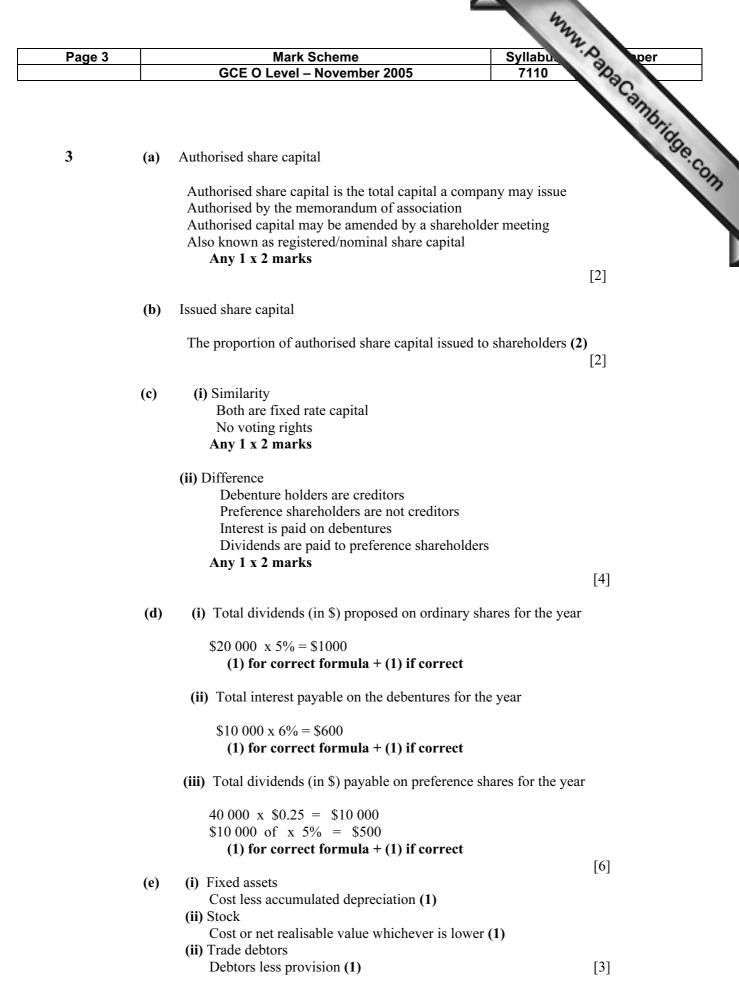
[7]

(c)

	Increase	Decrease	No change
(ii) Current assets	√(1)		
(iii) Profit/loss			√ (1)
(iv) Working capital	√(1)		
(v) Turnover			√ (1)

[4]

Total marks [13]



Total marks [17]

Page 4	Mark Scheme	Syllabu	p
	GCE O Level – November 2005	7110	03
		Syllabu 7110	Cann
4 (a)	Branch		
	Gross profit/sales (50 000 – 30 000) x 100 50 000 (1) for correct use of figures + (1) of for ra		
	Net profit/sales $(50\ 000 - 30\ 000 - 12\ 500)$ x 100 50 000 (1) for correct use of figures + (1) of for ra		
	Net profit/ capital $(50\ 000\ -\ 30\ 000\ -\ 12\ 500)$ x 10		
	(1) for correct use of figures + (1) of for ra		
	(1) for correct use of lightes $+$ (1) of for 13		6]
(b)	Bough Net profit	L	1
	$\$80\ 000\ x\ \underline{12.5}\ =\ \$10\ 000\ (2)$		
	Sales \$10 000 (1) of x $\frac{100}{10}$ = \$100 000 (1) of		
	Gross profit 50% x \$100 000 (1) of = \$50 000 (1) of		
			[6]
(c)	 (i) Success in trading (buying and selling) Bough generates a higher gross profit/sales Bough's gross profit is \$30 000 greater than that of Bough is more successful 	of Branch	
	However, the sales figure for Bough is twice as la Branch	rge as that for	
	Any 3 x 1 mark	r	21
	(ii) Success in controlling expenses	[max	3]
	Bough has spent a higher proportion of sales inco Bough's expenses were \$40 000 compared with \$ Branch Branch is more successful		
	However, Bough's larger amount spent on expense more effectively used, generating the higher tu Any 3 x 1 mark		
	13hy 5 A 1 mark	[max	3]
	 (iii) Success in employing capital Branch has generated a higher proportion of net p It has achieved this by controlling its expenses It has also generated a higher proportion of sales o Branch is more successful 	rofit on capital	
	Any 2 x 1 mark		
	Note: Mauka fou commente la se dan da da da da	[max	2]
	Note: Marks for comments based on own calculations	Total marks [2	0]

Page	5	Mark	Scheme		Syllabu.	per
j.			– November 20	05	7110	SD2
						apa Cambridge
5	(a)	Tra	ading and Profit a	and Loss Accou	unts	1996
		<u>fo</u>	r the year ended	<u>30 September 2</u> §	<u>005</u> (1) \$	
		Stock at 1 October 20	004 6	900 (1) Sales	137 900	(1)
		Purchases Carriage inwards	41 200 (1) <u>9 400</u> (1) 50 600			
		Less: drawings	50 600 <u>4 300</u> (1)			
		-	46	<u>300</u>		
		Less: stock at 30 Sep		200 500 (1)		
		Cost of goods sold		<u>500</u> (1) 700		
		Gross profit c/d	<u>92</u>	200		
			<u>137</u>	<u>900</u>	<u>137 900</u>	
		Wages and salaries		-	rofit b/d 92 200 (1	· · · · · · · · · · · · · · · · · · ·
		$[34\ 700(1)+6\ 800]$			ts received 800 (1)of
		Insurance $(^{12}/_{18} \times 180)$ Carriage outwards		200 (2) 300 (1)		
		Rent and rates		800 (1)		
		Motor vehicle expense		200 (1)		
		General expenses	22	850 (1)		
		Provision for depreci	ation of			
		motor vehicles $[(32,000, 16,000)]$	S 5∩0/1 8	(0,0,0,0)		
		[(32 000 – 16 000 Net profit	_	000 (2) <u>150</u>		
		not prom		000	93 000	-
		Accept alternative for				
					[]	[9]
	(b)	Bal	ance Sheet as at	<u>30 September 2</u>	<u>005</u> (1)	
		\$	\$			
		ssets (1)		Capital, 1 Oct 2	•	,
		rehicles at cost	32 000 (1) 24 000 (1) of	Net profit	$\frac{3150}{27,450}$	l) of
	Less: pr	ovision for depreciation	<u>24 000</u> (1) of 8 000 E	Drawings	27 450	
				17 690 (1) + 4 3	300 (1)] 21 990	
		Assets (1)	-	Capital, 30 Sept	· / -) of
	Stock	7 500 (1				
	Prepay	ment $600(1)$		urrent Liabilitie rade creditors	es (1) 3 140(1)	
				Bank overdraft	700 (1)	
				Accrual	<u>6 800(1)</u>	
					、 /	

(NB. Allow marks for section headings (e.g. current assets) providing no alien items are included.)

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[16] Total marks [35]