



Cambridge International AS & A Level

ACCOUNTING**9706/22**

Paper 2 Structured Questions

October/November 2021

MARK SCHEME

Maximum Mark: 90

Published

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 International will not enter into discussions about these mark schemes.

Cambridge International is publishing the mark schemes for the October/November 2021 series for most Cambridge IGCSE™, Cambridge International A and AS Level components and some Cambridge O Level components.

This document consists of **15** printed pages.

Generic Marking Principles

These general marking principles must be applied by all examiners when marking candidate answers. They should be applied alongside the specific content of the mark scheme or generic level descriptors for a question. Each question paper and mark scheme will also comply with these marking principles.

<p>GENERIC MARKING PRINCIPLE 1:</p> <p>Marks must be awarded in line with:</p> <ul style="list-style-type: none"> the specific content of the mark scheme or the generic level descriptors for the question the specific skills defined in the mark scheme or in the generic level descriptors for the question the standard of response required by a candidate as exemplified by the standardisation scripts.
<p>GENERIC MARKING PRINCIPLE 2:</p> <p>Marks awarded are always whole marks (not half marks, or other fractions).</p>
<p>GENERIC MARKING PRINCIPLE 3:</p> <p>Marks must be awarded positively:</p> <ul style="list-style-type: none"> marks are awarded for correct/valid answers, as defined in the mark scheme. However, credit is given for valid answers which go beyond the scope of the syllabus and mark scheme, referring to your Team Leader as appropriate marks are awarded when candidates clearly demonstrate what they know and can do marks are not deducted for errors marks are not deducted for omissions answers should only be judged on the quality of spelling, punctuation and grammar when these features are specifically assessed by the question as indicated by the mark scheme. The meaning, however, should be unambiguous.
<p>GENERIC MARKING PRINCIPLE 4:</p> <p>Rules must be applied consistently, e.g. in situations where candidates have not followed instructions or in the application of generic level descriptors.</p>

GENERIC MARKING PRINCIPLE 5:

Marks should be awarded using the full range of marks defined in the mark scheme for the question (however; the use of the full mark range may be limited according to the quality of the candidate responses seen).

GENERIC MARKING PRINCIPLE 6:

Marks awarded are based solely on the requirements as defined in the mark scheme. Marks should not be awarded with grade thresholds or grade descriptors in mind.

**Social Science-Specific Marking Principles
(for point-based marking)****1 Components using point-based marking:**

- Point marking is often used to reward knowledge, understanding and application of skills. We give credit where the candidate's answer shows relevant knowledge, understanding and application of skills in answering the question. We do not give credit where the answer shows confusion.

From this it follows that we:

- a** DO credit answers which are worded differently from the mark scheme if they clearly convey the same meaning (unless the mark scheme requires a specific term)
- b** DO credit alternative answers/examples which are not written in the mark scheme if they are correct
- c** DO credit answers where candidates give more than one correct answer in one prompt/numbered/scaffolded space where extended writing is required rather than list-type answers. For example, questions that require *n* reasons (e.g. State two reasons ...).
- d** DO NOT credit answers simply for using a 'key term' unless that is all that is required. (Check for evidence it is understood and not used wrongly.)
- e** DO NOT credit answers which are obviously self-contradicting or trying to cover all possibilities
- f** DO NOT give further credit for what is effectively repetition of a correct point already credited unless the language itself is being tested. This applies equally to 'mirror statements' (i.e. polluted/not polluted).
- g** DO NOT require spellings to be correct, unless this is part of the test. However spellings of syllabus terms must allow for clear and unambiguous separation from other syllabus terms with which they may be confused (e.g. Corrasion/Corrosion)

2 Presentation of mark scheme:

- Slashes (/) or the word 'or' separate alternative ways of making the same point.
- Semi colons (;) bullet points (•) or figures in brackets (1) separate different points.
- Content in the answer column in brackets is for examiner information/context to clarify the marking but is not required to earn the mark (except Accounting syllabuses where they indicate negative numbers).

3 Calculation questions:

- The mark scheme will show the steps in the most likely correct method(s), the mark for each step, the correct answer(s) and the mark for each answer
- If working/explanation is considered essential for full credit, this will be indicated in the question paper and in the mark scheme. In all other instances, the correct answer to a calculation should be given full credit, even if no supporting working is shown.
- Where the candidate uses a valid method which is not covered by the mark scheme, award equivalent marks for reaching equivalent stages.
- Where an answer makes use of a candidate's own incorrect figure from previous working, the 'own figure rule' applies: full marks will be given if a correct and complete method is used. Further guidance will be included in the mark scheme where necessary and any exceptions to this general principle will be noted.

4 Annotation:

- For point marking, ticks can be used to indicate correct answers and crosses can be used to indicate wrong answers. There is no direct relationship between ticks and marks. Ticks have no defined meaning for levels of response marking.
- For levels of response marking, the level awarded should be annotated on the script.
- Other annotations will be used by examiners as agreed during standardisation, and the meaning will be understood by all examiners who marked that paper.

Question	Answer	Marks																		
1(a)	<table border="1"> <thead> <tr> <th></th> <th>Debit \$</th> <th>Credit \$</th> </tr> </thead> <tbody> <tr> <td>Revaluation reserve</td> <td>6 000 (1)</td> <td></td> </tr> <tr> <td>Income statement</td> <td>2 000 (1)</td> <td></td> </tr> <tr> <td>Freehold property</td> <td></td> <td>8 000 (1)</td> </tr> </tbody> </table>		Debit \$	Credit \$	Revaluation reserve	6 000 (1)		Income statement	2 000 (1)		Freehold property		8 000 (1)	3						
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1(b)	<p style="text-align: center;">P Limited Income statement for the year ended 31 August 2021</p> <table border="1"> <thead> <tr> <th></th> <th>\$</th> </tr> </thead> <tbody> <tr> <td>Revenue</td> <td>210 200 (1)</td> </tr> <tr> <td>Cost of sales</td> <td>(88 510) (4)OF</td> </tr> <tr> <td>Gross profit</td> <td>121 690</td> </tr> <tr> <td>Administrative expenses</td> <td>(41 860) (1)</td> </tr> <tr> <td>Distribution costs</td> <td>(76 730) (7)OF</td> </tr> <tr> <td>Profit from operations</td> <td>3 100</td> </tr> <tr> <td>Finance costs</td> <td>(1 890) (1)</td> </tr> <tr> <td>Profit for the year</td> <td>1 210 (1)OF</td> </tr> </tbody> </table> <p>W1 Cost of sales 22 880 + 88 900 – 23 400 (1) – 260 (1) + 390 (1) = 88 510 (1)OF</p> <p>W2 Distribution costs 44 320 – 180 (1) + 20 040 (1) + 1 320 (1) + 7 780 (1) + 2 000 (1) + 1 450 (1) = 76 730 (1)OF</p>		\$	Revenue	210 200 (1)	Cost of sales	(88 510) (4)OF	Gross profit	121 690	Administrative expenses	(41 860) (1)	Distribution costs	(76 730) (7)OF	Profit from operations	3 100	Finance costs	(1 890) (1)	Profit for the year	1 210 (1)OF	15
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1(d)	<p>Offer discount for early settlement (1) Charge interest on overdue accounts (1) Regular chasing of debts / improve credit control (1) Encourage cash sales rather than credit sales/discourage credit sales (1) Debt factoring (1)</p> <p>Accept other valid responses</p>	2															
1(e)	<p>Option 1 (max 3 marks) Permanent capital (1) Would existing shareholders be prepared to pay the 25% premium? (1) The shares would have voting rights which could weaken the directors' position (1) But dividend payments would be discretionary (1) Would rights issue be fully subscribed? (1)</p> <p>Option 2 (max 3 marks) Company already has \$36 000 debentures due for repayment next year (1) 8% interest rate is more expensive than current debentures (1) Debenture holders do not have voting rights so no likelihood of loss of control (1) Interest will have to be paid whether the company makes a profit or loss (1) Will leave the company very heavily reliant on external borrowing (1) May require security (1)</p> <p>Accept other valid responses Decision (1)</p>	7															

Question	Answer	Marks																														
2(a)	<p style="text-align: center;">Suspense Account</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 30%;"></td> <td style="width: 10%; text-align: center;">\$</td> <td style="width: 30%;"></td> <td style="width: 10%; text-align: center;">\$</td> <td style="width: 10%;"></td> </tr> <tr> <td>Trial balance difference</td> <td style="text-align: center;">8</td> <td style="text-align: center;">(1)OF</td> <td style="text-align: center;">Discount allowed</td> <td style="text-align: center;">175 (1)</td> </tr> <tr> <td>Motor repairs</td> <td style="text-align: center;">27</td> <td style="text-align: center;">(1)</td> <td style="text-align: center;">Sales</td> <td style="text-align: center;">220 (1)</td> </tr> <tr> <td>Sales ledger control</td> <td style="text-align: center;">850</td> <td style="text-align: center;">(1)</td> <td style="text-align: center;">Discount received</td> <td style="text-align: center;">490 (1)</td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td style="text-align: center;"><u>885</u></td> <td></td> <td></td> <td style="text-align: center;"><u>885</u></td> </tr> </table>		\$		\$		Trial balance difference	8	(1)OF	Discount allowed	175 (1)	Motor repairs	27	(1)	Sales	220 (1)	Sales ledger control	850	(1)	Discount received	490 (1)							<u>885</u>			<u>885</u>	6
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2(c)	<p>Reduces the possibility of fraud (1) as a result of segregation of duties (1) Identifies total trade payables (1) and so aids the preparation of financial statements (1) Checks the arithmetical accuracy of the purchases' ledger (1) the balance on control accounts should equal the total of the individual balances in the purchases' ledger (1)</p> <p>Max 2 benefits x 2 marks (1 mark for identification, 1 mark for development) Accept other valid responses</p>	4																														

Question	Answer	Marks
2(d)	Credit purchases (1) Returned cheque (1) Interest charged by supplier (1) Brought forward balance (1) Supplier refund (1) Max 2 marks Accept other valid responses	2

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4(e)	<table border="1"> <thead> <tr> <th data-bbox="215 1236 311 1854"></th> <th data-bbox="215 1064 311 1236">\$</th> <th data-bbox="215 952 311 1064"></th> <th data-bbox="215 465 311 952"></th> <th data-bbox="215 353 311 465"></th> </tr> </thead> <tbody> <tr> <td data-bbox="311 1236 375 1854">Direct material</td> <td data-bbox="311 1064 375 1236">36.20</td> <td data-bbox="311 952 375 1064" rowspan="3">} (1)</td> <td data-bbox="311 465 375 952">7 240.00</td> <td data-bbox="311 353 375 465" rowspan="3">} (1)</td> </tr> <tr> <td data-bbox="375 1236 438 1854">Direct labour – Machining</td> <td data-bbox="375 1064 438 1236">6.00</td> <td data-bbox="375 465 438 952">1 200.00</td> <td data-bbox="375 353 438 465">1 200.00</td> </tr> <tr> <td data-bbox="438 1236 502 1854">Direct labour – Finishing</td> <td data-bbox="438 1064 502 1236">10.00</td> <td data-bbox="438 465 502 952">2 000.00</td> <td data-bbox="438 353 502 465">2 000.00</td> </tr> <tr> <td data-bbox="502 1236 566 1854">Overheads – Machining (\$6.53 × 20 minutes)</td> <td data-bbox="502 1064 566 1236">2.18</td> <td data-bbox="502 952 566 1064">(1)OF</td> <td data-bbox="502 465 566 952">436.00</td> <td data-bbox="502 353 566 465">(1)OF</td> </tr> <tr> <td data-bbox="566 1236 630 1854">Overheads – Finishing (\$9.99 × 60 minutes)</td> <td data-bbox="566 1064 630 1236">9.99</td> <td data-bbox="566 952 630 1064">(1)OF</td> <td data-bbox="566 465 630 952">1 998.00</td> <td data-bbox="566 353 630 465">(1)OF</td> </tr> <tr> <td data-bbox="630 1236 694 1854">Total cost per unit</td> <td data-bbox="630 1064 694 1236">64.37</td> <td data-bbox="630 952 694 1064">(1)OF</td> <td data-bbox="630 465 694 952"></td> <td data-bbox="630 353 694 465"></td> </tr> <tr> <td data-bbox="694 1236 758 1854">Mark-up (30/70)</td> <td data-bbox="694 1064 758 1236">27.59</td> <td data-bbox="694 952 758 1064">(1)OF</td> <td data-bbox="694 465 758 952"></td> <td data-bbox="694 353 758 465"></td> </tr> <tr> <td data-bbox="758 1236 821 1854">Number of units</td> <td data-bbox="758 1064 821 1236">200</td> <td data-bbox="758 952 821 1064"></td> <td data-bbox="758 465 821 952">12 874.00</td> <td data-bbox="758 353 821 465">(1)OF</td> </tr> <tr> <td data-bbox="821 1236 885 1854">Quoted price</td> <td data-bbox="821 1064 885 1236">18 392.00</td> <td data-bbox="821 952 885 1064">(1)OF</td> <td data-bbox="821 465 885 952">5 517.43</td> <td data-bbox="821 353 885 465">(1)OF</td> </tr> <tr> <td data-bbox="885 1236 1048 1854"></td> <td data-bbox="885 1064 1048 1236"></td> <td data-bbox="885 952 1048 1064"></td> <td data-bbox="885 465 1048 952">18 391.43</td> <td data-bbox="885 353 1048 465">(1)OF</td> </tr> </tbody> </table>			\$				Direct material	36.20	} (1)	7 240.00	} (1)	Direct labour – Machining	6.00	1 200.00	1 200.00	Direct labour – Finishing	10.00	2 000.00	2 000.00	Overheads – Machining (\$6.53 × 20 minutes)	2.18	(1)OF	436.00	(1)OF	Overheads – Finishing (\$9.99 × 60 minutes)	9.99	(1)OF	1 998.00	(1)OF	Total cost per unit	64.37	(1)OF			Mark-up (30/70)	27.59	(1)OF			Number of units	200		12 874.00	(1)OF	Quoted price	18 392.00	(1)OF	5 517.43	(1)OF				18 391.43	(1)OF	Alternative presentation		6
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4(f)	<p>For factory-wide (max 2 marks)</p> <p>Easier/less complicated to calculate (1) Saves time (1) Therefore, saves money (1)</p> <p>Against factory-wide (max 2 marks)</p> <p>Does not differentiate capital intensive production from labour intensive production (1) Produces less accurate selling prices (1) Produces less accurate overhead absorption rate (1) Products may spend differing amounts of time in each department/ Does not reflect accurate departmental usage (1)</p> <p>Advice (1)</p> <p>Accept other valid responses</p>	5
4(g)	<p>Selling prices may be too high (1) making products uncompetitive/leading to lower demand (1) Lower demand (1) can lead to lower profits (1) The value of closing inventory may be overstated (1) causing profit to be overstated (1) Less expenses are recognised in the income statement (1) resulting in more profit being reported (1).</p> <p>Max 2 effects (1 mark for stating the effect and 1 mark for development).</p> <p>Accept other valid responses</p>	4