



## Cambridge International AS & A Level

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**ACCOUNTING**

**9706/21**

Paper 2 Structured Questions

**May/June 2022**

MARK SCHEME

Maximum Mark: 90

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**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 May/June 2022 series for most Cambridge IGCSE, Cambridge International A and AS Level and Cambridge Pre-U components, and some Cambridge O Level components.

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This document consists of **14** printed pages.

**PUBLISHED****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.

**GENERIC MARKING PRINCIPLE 1:**

Marks must be awarded in line with:

- 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.

**GENERIC MARKING PRINCIPLE 2:**

Marks awarded are always **whole marks** (not half marks, or other fractions).

**GENERIC MARKING PRINCIPLE 3:**

Marks must be awarded **positively**:

- 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.

**GENERIC MARKING PRINCIPLE 4:**

Rules must be applied consistently, e.g. in situations where candidates have not followed instructions or in the application of generic level descriptors.

**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.

**ANNOTATIONS**

The following annotations are used in marking this paper and should be used by examiners.

<b>Annotation</b>	<b>Use or meaning</b>
✓	Correct and relevant point made in answering the question.
×	Incorrect point or error made.
LNK	Two statements are linked.
REP	Repeat
A	An extraneous figure
BOD	Benefit of the doubt given.
SEEN	Noted but no credit given
OF	Own figure
Highlight	Highlight
Off page Comment	Off page comment

Question	Answer				Marks
1(a)	Khin Income statement for the year ended 31 January 2022				<b>15</b>
		\$		\$	
	Revenue			197 300	
	Less: cost of sales				
	Opening inventory	12 310			
	Purchases (less goods own use \$910)	117 310	<b>(1)</b>		
	Carriage inwards	2 140	<b>(1)</b>		
		131 760			
	Closing inventory	(13 480)			
				(118 280)	<b>(1)OF</b>
	Gross profit			79 020	<b>(1)OF</b>
	Add income				
	Decrease in provision for doubtful debts <b>W1</b>	80	<b>(1)</b>		
	Rent received <b>W2</b>	6 000	<b>(1)</b>		
				6 080	
				85 100	

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Question	Answer				Marks
1(a)		\$		\$	
	Less expenses				
	Advertising <b>W3</b>	2 950	<b>(1)</b>		
	Carriage outwards	1 730	<b>(1)</b>		
	General expenses	13 450	<b>(1)</b>		
	Loss on disposal of delivery vehicle	1 350	<b>(1)</b>		
	Irrecoverable debts (\$670 + \$380)	1 050	<b>(1)</b>		
	Wages and salaries (\$34 640 + \$1440)	36 080	<b>(1)</b>		
	Depreciation				
	Premises (2% x \$360 000)	7 200	<b>(1)</b>		
	Furniture and equipment (15% x \$11 600)	1 740	<b>(1)</b>		
				(65 550)	
	Profit for the year			19 550	<b>(1)</b>
	<p><b>W1</b> Decrease in provision for doubtful debts: <math>\\$840 - [5\% \times (\\$15\,580 - \\$380)]</math> i.e. <math>\\$760 = \\$80</math> <b>(1)</b></p>				
<p><b>W2</b> Rent received: <math>\\$500 \times 12 = \\$6000</math> <b>(1)</b></p>					
<p><b>W3</b> Advertising: <math>\\$4900 - (3/5 \times \\$3250)</math>, i.e. <math>\\$1950 = \\$2950</math> <b>(1)</b></p>					

Question	Answer						Marks																													
1(b)	Rent receivable account						2																													
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1(d)	To apply the matching concept so that profits are based on matching costs and revenues for an accounting period <b>(1)</b> irrespective of actual receipts and payments <b>(1)</b> . <b>Accept other valid responses.</b>						2																													
1(e)(i)	Straightforward to apply/calculate/understand <b>(1)</b> May correspond to actual usage of non-current asset <b>(1)</b>  <b>Max 1</b> <b>Accept other valid responses.</b>						1																													



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<b>Question</b>	<b>Answer</b>	<b>Marks</b>
1(e)(ii)	Produces an even annual charge when repairs and maintenance are taken into account <b>(1)</b> May correspond to actual usage of non-current assets <b>(1)</b>  <b>Max. 1</b> <b>Accept other valid responses.</b>	<b>1</b>
1(f)	<b>Option 1 (Max. 3)</b> Will reduce costs and increase profits <b>(1)</b> May reduce demand if advertising has been successful <b>(1)</b> Reducing selling price may stimulate demand and therefore increase turnover and profits <b>(1)</b> Profits will be reduced if demand is unaffected <b>(1)</b>  <b>Option 2 (Max. 3)</b> Will increase profits as costs are reduced <b>(1)</b> May reduce demand and profits if goods are of poorer quality <b>(1)</b> Will cheaper suppliers offer same credit terms/trade discounts/free carriage <b>(1)</b> Will new suppliers prove to be reliable <b>(1)</b>  Advice <b>(1)</b>  <b>Accept other valid responses.</b>	<b>7</b>

<b>Question</b>	<b>Answer</b>	<b>Marks</b>
2(a)(i)	An error of commission occurs when a transaction is entered using the correct amount and on the correct side <b>(1)</b> but in the wrong account of the same class <b>(1)</b> .	<b>2</b>
2(a)(ii)	An error of original entry occurs when an incorrect amount <b>(1)</b> is entered in a book of prime entry <b>(1)</b> .	<b>2</b>
2(a)(iii)	Error of principle occurs when a transaction is entered using the correct amount and on the correct side <b>(1)</b> but in the wrong class of account <b>(1)</b>	<b>2</b>

Question	Answer	Marks																		
2b)	<p style="text-align: center;">Suspense account</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; border-bottom: 1px solid black;"></td> <td style="width: 50%; border-bottom: 1px solid black;"></td> </tr> <tr> <td style="text-align: right;">\$</td> <td style="text-align: right;">\$</td> </tr> <tr> <td>Balance b/d 1 570 <b>(1) OF</b></td> <td>Returns inwards 740 <b>(1)</b></td> </tr> <tr> <td>Purchases 430 <b>(1)</b></td> <td>Returns outwards 740 <b>(1)</b></td> </tr> <tr> <td></td> <td>Irrecoverable debts 520 <b>(1)</b></td> </tr> <tr> <td style="text-align: right;"><u>2 000</u></td> <td style="text-align: right;"><u>2 000</u></td> </tr> </table>			\$	\$	Balance b/d 1 570 <b>(1) OF</b>	Returns inwards 740 <b>(1)</b>	Purchases 430 <b>(1)</b>	Returns outwards 740 <b>(1)</b>		Irrecoverable debts 520 <b>(1)</b>	<u>2 000</u>	<u>2 000</u>	<b>5</b>						
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Question	Answer	Marks
3(a)	<p>Profits will be shared with the new partner <b>(1)</b>            Decision-making could take longer <b>(1)</b>            There is the risk of disagreements <b>(1)</b>  <b>Accept other valid responses.</b></p>	<b>3</b>

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3(b)	<p>Maria, Rio and Sarah Appropriation account for the year ended 31 December 2021</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 60%;"></th> <th style="width: 20%; text-align: center;">Maria and Rio 1 Jan–30 Sept \$</th> <th style="width: 20%; text-align: center;">Maria, Rio and Sarah 1 Oct–31 Dec \$</th> </tr> </thead> <tbody> <tr> <td>Profit before interest</td> <td style="text-align: right;">61 875 (1) both</td> <td style="text-align: right;">20 625</td> </tr> <tr> <td>Less interest on Rio's loan at 5% per annum/8% per annum</td> <td style="text-align: right;"><u>(225) (1)</u></td> <td style="text-align: right;"><u>(120) (1)</u></td> </tr> <tr> <td>Profits for appropriation</td> <td style="text-align: right;">61 650</td> <td style="text-align: right;">20 505</td> </tr> <tr> <td colspan="3"> </td> </tr> <tr> <td colspan="3">Appropriations final 3 months:</td> </tr> <tr> <td colspan="3">Interest on capitals</td> </tr> <tr> <td style="padding-left: 20px;">Maria: <math>6\% \times \frac{1}{4} \times \\$52\,000</math></td> <td></td> <td style="text-align: right;">(780)</td> </tr> <tr> <td style="padding-left: 20px;">Rio: <math>6\% \times \frac{1}{4} \times \\$38\,000</math></td> <td></td> <td style="text-align: right;">(570) (1)</td> </tr> <tr> <td style="padding-left: 20px;">Sarah: <math>6\% \times \frac{1}{4} \times \\$45\,000</math></td> <td></td> <td style="text-align: right;">(675)</td> </tr> <tr> <td colspan="3"> </td> </tr> <tr> <td>Salary for Rio: <math>\frac{1}{4} \times \\$15\,000</math></td> <td></td> <td style="text-align: right;"><u>(3 750) (1)</u></td> </tr> <tr> <td>Divisible profit</td> <td></td> <td style="text-align: right;"><u>14 730</u></td> </tr> <tr> <td colspan="3">Shares of remaining profits</td> </tr> <tr> <td style="padding-left: 20px;">Maria</td> <td style="text-align: right;">30 825 (1)OF</td> <td style="text-align: right;">(5 892)(1)OF</td> </tr> <tr> <td style="padding-left: 20px;">Rio</td> <td style="text-align: right;">30 825</td> <td style="text-align: right;">(2 946)</td> </tr> <tr> <td style="padding-left: 20px;">Sarah</td> <td></td> <td style="text-align: right;">(5 892)</td> </tr> </tbody> </table>		Maria and Rio 1 Jan–30 Sept \$	Maria, Rio and Sarah 1 Oct–31 Dec \$	Profit before interest	61 875 (1) both	20 625	Less interest on Rio's loan at 5% per annum/8% per annum	<u>(225) (1)</u>	<u>(120) (1)</u>	Profits for appropriation	61 650	20 505				Appropriations final 3 months:			Interest on capitals			Maria: $6\% \times \frac{1}{4} \times \$52\,000$		(780)	Rio: $6\% \times \frac{1}{4} \times \$38\,000$		(570) (1)	Sarah: $6\% \times \frac{1}{4} \times \$45\,000$		(675)				Salary for Rio: $\frac{1}{4} \times \$15\,000$		<u>(3 750) (1)</u>	Divisible profit		<u>14 730</u>	Shares of remaining profits			Maria	30 825 (1)OF	(5 892)(1)OF	Rio	30 825	(2 946)	Sarah		(5 892)	<b>7</b>
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3(c)	<p>In employment: Salary \$4500 (1) + interest \$900 (<math>8\% \times \frac{1}{4} \times \\$45\,000</math>) (1) = \$5400 As a partner: \$675 (1) OF + residual profit \$5892 (1)OF = \$6567</p> <p>Increase in income \$1167 (1)OF</p>	<b>5</b>																																																			

Question	Answer	Marks																		
4(a)	(Easily) Identifies point at which a business will make a profit/margin of safety (1) Aids understanding of risk involved in a proposed manufacturing venture (1) Focuses attention on the importance of keeping fixed costs under control (1)  <b>Accept other valid responses.</b> <b>Max. 2</b>	2																		
4(b)	Fixed costs are those which do not change (1) with differing levels of output/sales (1)	2																		
4(c)	\$70 000/Contribution = 8000 units (1) Contribution is \$8.75 per unit (1) Selling price \$20 – contribution \$8.75 = variable cost = \$11.25 per unit (1)	3																		
4d(i)	Original units (8000 + (80 000/20)) = 12 000 × 1.2 = 14 400(1) Revenue = 14 400 × 19 = 273 600 (1)OF	2																		
4(d)(ii)	Budgeted Marginal costing statement for one month  <table style="margin-left: 40px;"> <thead> <tr> <th></th> <th style="text-align: center;">\$</th> <th style="text-align: center;">Per unit</th> </tr> </thead> <tbody> <tr> <td>Revenue: \$19 × 14 400</td> <td style="text-align: right;">273 600 (1)OF</td> <td style="text-align: right;">\$19.00</td> </tr> <tr> <td>Less variable costs: \$11.25 × 14 400</td> <td style="text-align: right;"><u>162 000 (1)OF</u></td> <td style="text-align: right;">\$11.25</td> </tr> <tr> <td>Contribution</td> <td style="text-align: right;">111 600 (1)OF</td> <td style="text-align: right;">\$7.75</td> </tr> <tr> <td>Less fixed costs</td> <td style="text-align: right;"><u>71 800 (2)W1</u></td> <td></td> </tr> <tr> <td>Profit for one month</td> <td style="text-align: right;"><u>39 800 (1)OF</u></td> <td></td> </tr> </tbody> </table> <b>W1</b> 70 000 + 1200 (1) +600 (1) = 71 800		\$	Per unit	Revenue: \$19 × 14 400	273 600 (1)OF	\$19.00	Less variable costs: \$11.25 × 14 400	<u>162 000 (1)OF</u>	\$11.25	Contribution	111 600 (1)OF	\$7.75	Less fixed costs	<u>71 800 (2)W1</u>		Profit for one month	<u>39 800 (1)OF</u>		6
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4(e)	<table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 30%;"></th> <th style="width: 35%; text-align: center;">Product X</th> <th style="width: 35%; text-align: center;">Product Y</th> </tr> </thead> <tbody> <tr> <td></td> <td style="text-align: center;">\$</td> <td style="text-align: center;">\$</td> </tr> <tr> <td>Contribution per unit</td> <td style="text-align: center;">10</td> <td style="text-align: center;">11</td> </tr> <tr> <td>Contribution per \$1 materials</td> <td style="text-align: center;">10/10 = \$1</td> <td style="text-align: center;">11/14 = \$0.79</td> </tr> <tr> <td colspan="3"> So fully produce Product X <b>(1)</b></td> </tr> <tr> <td colspan="3">Materials available</td> </tr> <tr> <td></td> <td colspan="2" style="text-align: center;">\$</td> </tr> <tr> <td>Normal supply X</td> <td colspan="2" style="text-align: center;">50 000</td> </tr> <tr> <td>Normal supply Y</td> <td colspan="2" style="text-align: center;"><u>56 000</u></td> </tr> <tr> <td></td> <td colspan="2" style="text-align: center;"><u>106 000</u></td> </tr> <tr> <td>75% normal supply</td> <td colspan="2" style="text-align: center;">79 500 <b>(1)</b></td> </tr> <tr> <td colspan="3"> Materials used</td> </tr> <tr> <td></td> <td colspan="2" style="text-align: center;">\$</td> </tr> <tr> <td>5000 units Product X × \$10</td> <td style="text-align: center;">50 000 <b>(1)</b></td> <td style="text-align: center;">50 000</td> </tr> <tr> <td>29 500/14 = 2107 units × \$11</td> <td style="text-align: center;"><u>23 177 <b>(1)OF</b></u></td> <td style="text-align: center;"><u>29 500<b>(1)OF</b></u></td> </tr> <tr> <td></td> <td style="text-align: center;"><u>73 177 <b>(1)OF</b></u></td> <td style="text-align: center;"><u>79 500</u></td> </tr> <tr> <td>Less fixed costs</td> <td colspan="2" style="text-align: center;"><u>(58 000)</u></td> </tr> <tr> <td></td> <td colspan="2" style="text-align: center;"><u>15 177 <b>(1)OF</b></u></td> </tr> </tbody> </table>			Product X	Product Y		\$	\$	Contribution per unit	10	11	Contribution per \$1 materials	10/10 = \$1	11/14 = \$0.79	 So fully produce Product X <b>(1)</b>			Materials available				\$		Normal supply X	50 000		Normal supply Y	<u>56 000</u>			<u>106 000</u>		75% normal supply	79 500 <b>(1)</b>		 Materials used				\$		5000 units Product X × \$10	50 000 <b>(1)</b>	50 000	29 500/14 = 2107 units × \$11	<u>23 177 <b>(1)OF</b></u>	<u>29 500<b>(1)OF</b></u>		<u>73 177 <b>(1)OF</b></u>	<u>79 500</u>	Less fixed costs	<u>(58 000)</u>			<u>15 177 <b>(1)OF</b></u>		<b>7</b>
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4(f)	Produce 1893 units of Product Y <b>(1) OF</b> New contribution \$11 – \$9.50 = \$1.50 per unit <b>(1)</b> Profit: Contribution (\$1.50 × 1893, i.e. \$2839.5 less additional Fc \$4000 <b>(1)</b> = loss \$1160.5 <b>(1) OF</b>		<b>3</b>																																																						

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Question	Answer				Marks
4(g)	<b>Production plan (Max 3 marks)</b>		<b>Overtime option (Max 1 mark)</b>		<b>5</b>
	Will produce optimum profit	<b>(1)</b>	Will result in loss on additional units	<b>(1)</b>	
	Some regular customers may not receive their order	<b>(1)</b>	All regular customers will receive their order	<b>(1)</b>	
	Disappointed customers may find alternative suppliers for the future	<b>(1)</b>	No loss of future orders from regular customers		
	Labour force morale may be adversely affected by reduction in labour hours	<b>(1)</b>	No reduction in labour hours		
	No problem with reduced output if there are no regular/disappointed customers for Product Y	<b>(1)</b>	Will labour force be able to/wish to provide the overtime hours required	<b>(1)</b>	
Advice <b>(1)</b> <b>Accept other valid responses.</b>					