Cambridge Assessment International Education

Cambridge International AS & A Level

ACCOUNTING **9706/21**

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.

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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.

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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)

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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.

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Question	Answer	Marks

1(a)

	$	$
Receipts from credit customers	58 960	
Trade receivables c/f	5 650	
Trade receivables b/f	(7 200)	57 410 **(1)**
Cash sales	3 980	3 980 **(1)**
Total revenue		61 390

2

1(b)

Cash account

	$		**$**	
Balance b/d	150	Wages	7 620	**(1)**
Bank	14 080	Drawings	5 400	**(1)**
		General expenses	1 210	**(1) OF**
	14 230		14 230	

3

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Question	Answer	Marks
1(c)	Eleni Income statement for the year ended 30 June 2021	**12**

	$		$	
Revenue			61 390	**(1) OF**
Opening inventory	2 210			
Purchases	40 430	**(1)**		
Closing inventory	(1 940)		40 700	
Gross profit			20 690	**(1) OF**
Profit on disposal			40	**(1)**
Decrease in provision for doubtful debts			80	**(1)**
			20 810	
General expenses	2 150	**(1) OF**		
Rent	6 280	**(1)**		
Bank interest and charges	90	**(1)**		
Wages	7 540	**(1)**		
Irrecoverable debt	50	**(1)**		
Depreciation	680	**(1)**	16 790	
Profit for the year			4 020	**(1) OF**

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Question	Answer	Marks
1(d)	Eleni Statement of financial position at 30 June 2021 Capital and liabilities $ Capital Balance brought forward 9 320 **(1)** Profit for the year 4 020 13 340 Drawings (5 400) **(1)** 7 940 Liabilities Trade payables 2 120 Other payables 110 **(1)** Bank overdraft 1 420 **(1)** 3 650 Total capital and liabilities 11 590 **(1) OF**	**5**
1(e)	**For (Max 2)** Will increase profits if demand is maintained **(1)** May give a perception of better quality **(1)** Increased profit would cover drawings **(1)** **Against (Max 2)** May result in a loss of customers resulting in decrease in profits **(1)** Need to consider competitor prices/reaction **(1)** If goods not sold would increase inventory **(1)** **Decision (1)** **Accept other valid responses**	**5**

Question	Answer	Marks
1(f)	• Past experience **(1)** • Specific knowledge **(1)** • Amount of trade receivables **(1)** • State of the economy **(1)** • How long debt outstanding **(1)** **Max 3** **Accept other valid responses**	**3**

Question	Answer	Marks
2(a)	G Limited Statement of changes in equity for the year ended 30 September 2021	**8**

	Share capital $	Share premium $	Revaluation reserve $	Retained earnings $	Total $
At 1 October 2020	320 000 **(1)**	86 200 **(1)**	28 000	34 500	468 700
Rights issue	32 000	6 400			38 400
	(1 for both)				
Dividend paid				(17 600) **(1) OF**	(17 600)
Bonus issue	88 000	(88 000)			–
	(1 for both)				
Revaluation			(28 000)	(7 000)	(35 000)
			(1 for both)		
Profit for the year				96 000 **(1)**	96 000
At 30 September 2021	440 000	4 600	-	105 900	550 500 **(1 OF for row)**

Accept alternative approach to adjusting revaluation reserve (against profit for the year).

Question	Answer	Marks
2(b)	**Option 1 (max 2 marks)** The new share issue would dilute current shareholders' investment **(1)** The shares would have voting rights which may leave the current owners vulnerable to loss of control **(1)** But dividend payments would be discretionary **(1)** **Option 2 (max 2 marks)** 8% dividend rate is more expensive than current borrowings **(1)** The shares do not have voting rights so no likelihood of loss of control **(1)** Dividends have to be paid whether the company makes a profit or loss **(1)** **Accept other valid responses** **Decision (1)**	**5**
2(c)	Fixed interest rate **(1)** Repayable on a specific future date **(1)** Secured against assets **(1)** Long term **(1)** **Accept other valid responses** **Max 2 marks**	**2**

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>3(a)</td><td>Sales ledger control account
<table>
<tr><td></td><td>$</td><td></td><td></td><td>$</td><td></td></tr>
<tr><td>Balance b/d</td><td>11 470</td><td></td><td>Discount allowed</td><td>1 190</td><td>(1)</td></tr>
<tr><td>Bank</td><td>380</td><td>(1)</td><td>Purchase ledger control account</td><td>860</td><td>(1)</td></tr>
<tr><td>Purchases ledger control account</td><td>20</td><td>(1)</td><td>Balance c/d</td><td>10 100</td><td></td></tr>
<tr><td>Discount received</td><td>280</td><td>(1)</td><td></td><td></td><td></td></tr>
<tr><td></td><td>12 150</td><td></td><td></td><td>12 150</td><td></td></tr>
<tr><td>Balance b/d</td><td>10 100</td><td>(1) OF</td><td></td><td></td><td></td></tr>
</table></td><td>6</td></tr>
<tr><td>3(b)</td><td>$
Original sales ledger balances extracted 10 020
Bank (180) (1)
Credit balance correction (120) (1)
Unpaid cheque 380 (1)
Amended sales ledger balances 10 100 (1) OF</td><td>4</td></tr>
<tr><td>3(c)</td><td>The sales ledger control account should be maintained by a supervisor or member of staff who is not responsible for that particular ledger (1). This segregation of duties will both act as a deterrent to fraud and also make the discovery of fraud much easier (1).</td><td>2</td></tr>
<tr><td>3(d)</td><td>Error of omission (1)
Compensating error (1)
Error of commission (1)
Error of original entry (1)
Max 3 marks</td><td>3</td></tr>
</table>

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Question	Answer	Marks
4(a)	Ess Tee Ewe $ $ $ Selling price 30 43 69 Direct material 18 22 36 Direct labour 4 6 14 Variable overhead 2 3 5 Contribution 6 12 14 **(1)** **(1)** **(1)**	**3**
4(b)	$ Ess 1 800 Tee 4 800 Ewe 5 040 Contribution 11 640 **(1) OF** Fixed overheads 8 000 **(1)** Profit 3 640 **(1) OF**	**3**
4(c)	Hours Ess (300 × 0.5) 150 Tee (400 × 0.75) 300 Ewe (360 × 1.75) 630 1 080 **(1)**	**1**

Question	Answer	Marks
4(d)		**11**

	Ess	Tee	Ewe	
Contribution per unit ($)	$6	$12	$14	
Direct labour hours	0.5	0.75	1.75	
Contribution per direct labour hour ($)	$12 **(1)**	$16 **(1)**	$8 **(1)**	
Ranking	2	1	3	**(1)**

Production plan

		$	
Tee	400 × 12	4 800	**(1)**
Ess	300 × 6	1 800	**(1)**
Ewe	257 **(1)** × 14	3 598	**(1) OF**
Maximum contribution		10 198	**(1) OF**
Fixed overheads		(8 000)	**(1)**
Maximum profit		2 198	**(1) OF**

4(e)		**4**

	$	
Original maximum contribution	11 640	
Less: overtime premium	(360)	**(1)**
Contribution	11 280	**(1) OF**
Fixed overheads	(8 200)	**(1)**
Profit	3 080	**(1) OF**

4(f)	• May cause workers to rush **(1)** which may affect the quality of the product **(1)** • Will incur additional expenses **(1)** which may not be able to be passed on to the customer/may reduce profit **(1)** **Accept other valid responses** **Max 2 Marks x 2 points (1 mark for identifying the disadvantage and 1 mark for its development)**	**4**
4(g)	• Based on estimates which may be inaccurate **(1)** leading to bad decision-making **(1)** • Budgets may be set too high **(1)** which may demotivate employees **(1)** **Accept other valid responses** **Max 2 Marks x 2 points (1 mark for identifying the disadvantage and 1 mark for its development)**	**4**

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