GradeMax

Cambridge Assessment International Education

Cambridge International AS & A Level

SUBJECT **9706/22**

Paper 2 AS Level Structured Questions **February/March 2022**

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 February/March 2022 series for most Cambridge IGCSE™, Cambridge International A and AS Level components and some Cambridge O Level components.

© UCLES 2022

[Turn over

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.

© UCLES 2022

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.

© UCLES 2022

PUBLISHED

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).

© UCLES 2022

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.

© UCLES 2022

Question	Answer	Marks
1(a)	Lack of expertise **(1)** Content with information that minimal records provide **(1)** Less time-consuming **(1)** Less costly **(1)** **Max 2** **Accept other valid responses.**	**2**
1(b)	Access to full information about assets, liabilities, capital, expenses and revenues **(1)** More informed decision making **(1)** Can provide detailed information to support loan application **(1)** Easier to prepare financial statements/more reliable and accurate information about profits and losses **(1)** Opportunity for more control over business activities **(1)** Possibility of fraud reduced **(1)** Better able to meet government requirements for information (e.g. tax returns) **(1)** Enables analysis of performance **(1)** **Max 4** **Accept other valid responses.**	**4**

© UCLES 2022

Question	Answer	Marks

1(c)

	$	
Bank	93 100}	**(1)**
Discounts received	4 900}	
	98 000	
Less decrease in balances	(2 640)	**(1)**
	95 360	**(1)OF**

Alternative method:

Total Trade Payables account					
	$			$	
Balance c/d	9 230}	**(1) both**	Balance b/d	11 870}	
Bank	93 100	**(1)both**	Purchases	95 360	**(1)OF**
Discounts received	4 900				
	107 230			107 230	
			Balance b/d	9 230	

} 1 mark for both opening balances b/d

3

Question	Answer			Marks
1(d)	Rafiq Income statement for the year ended 31 December 2021			**14**
		$	$	
	Revenue **W1**		157 600	**(3)**
	Opening inventory	14 430}		
	Purchases	95 360		**OF**
	Less goods own use	(480)		**(1)**
		109 310		
	Closing inventory	(11 920)}		**(1)** both
	Cost of sales		97 390	
	Gross profit		60 210	**(1)OF**
	Add: discounts received		4 900	**(1)OF**
	Profit on disposal of furniture and fittings		530	**(1)**
			65 640	
	Less: expenses			
	Wages	21 540		**(1)**
	Rent **W2**	14 560		**(1)**
	General expenses	5 940		
	Depreciation of furniture and fittings **W3**	4 740		**(3)**
			46 780	
	Profit for the year		18 860	**(1)OF**

© UCLES 2022

Question	Answer	Marks
1(d)		

W1 Revenue

	$		
Banked	132 200		
Outstanding bankings	1 200		**(1)**
Wages	21 540	]	**(1)all 3 items**
Drawings	2 580	-	
Increase in cash	80	]	
	157 600		**(1)OF**

W2 Rent: paid $14 750 + opening prepaid $1250 – closing prepaid $1440 = $14 560 **(1)**

W3 Depreciation of furniture and fittings

	$	
Opening valuation	22 710	
Additions	8 000	**(1)both**
Installation costs	380	
	31 090	
Disposal	(2 950)	**(1)**
	28 140	
Closing valuation	(23 400)	
	4 740	**(1)OF**

Question	Answer	Marks
1(e)	**Partner (Overall Max 3)** For: **(Max 2)** May bring fresh ideas/particular business skills **(1)** Will ease Rafiq's workload **(1)** Permanent source of capital **(1)** Shared responsibility **(1)** Against: **(Max 2)** Will have to share profits **(1)** May result in disagreements **(1)** Control of business has to be shared slowing decision-making **(1)** **Loan (Overall Max 3)** For: **(Max 2)** Rafiq remains in sole control of the business **(1)** Profits are not shared **(1)** Against: **(Max 2)** Loan interest will reduce profits **(1)** Liquidity will be affected by loan repayments and interest payments **(1)** Will business be eligible for a loan/can Rafiq offer security for loan? **(1)** Temporary source of finance **(1)** Decision **(1)** **Accept other valid responses.**	**7**

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(a)</td><td>Number of shares 900 000 × $0.05 = $45 000 (1)</td><td>1</td></tr>
<tr><td>2(b)</td><td>The amount of retained earnings / distributable reserves available for distribution (1)
The amount of cash available (1)
Other commitments affecting the amount of retained profit/cash (1)
Shareholder expectations (1)

Max 2
Accept other valid responses.</td><td>2</td></tr>
<tr><td>2(c)</td><td>
<table>
<tr><td colspan="3">Journal</td><td></td></tr>
<tr><td></td><td>Dr</td><td>Cr</td><td></td></tr>
<tr><td></td><td>$</td><td>$</td><td></td></tr>
<tr><td>Share premium</td><td>122 000</td><td></td><td>(1)</td></tr>
<tr><td>Retained earnings</td><td>178 000</td><td></td><td>(1)</td></tr>
<tr><td>Issued share capital</td><td></td><td>300 000</td><td>(1)</td></tr>
</table>
</td><td>3</td></tr>
<tr><td>2(d)</td><td>Retained earnings at 28 February 2022
<table>
<tr><td></td><td>$</td><td></td></tr>
<tr><td>Balance b/d</td><td>342 000</td><td></td></tr>
<tr><td>Less interim dividend</td><td>(45 000)</td><td>(1)OF</td></tr>
<tr><td>Less bonus issue</td><td>(178 000)</td><td>(1)OF</td></tr>
<tr><td>Add: profit for the year</td><td>114 000</td><td>(1)</td></tr>
<tr><td>Less: final dividend W1</td><td>(105 000)</td><td>(2)OF</td></tr>
<tr><td>Balance at 28 February 2022</td><td>128 000</td><td>(1)OF</td></tr>
</table>
W1 Final dividend: 1 500 000 (1) × $0.07 = $105 000 (1) OF</td><td>6</td></tr>
</table>

© UCLES 2022

Question	Answer	Marks
2(e)	Avoid dilution of ownership **(1)** Less expensive / faster to process **(1)** More likely to be successful / fully subscribed as shares may be issued at a favourable price **(1)** To increase equity share capital **(1)** **Max 3** **Accept other valid responses.**	**3**

Question	Answer	Marks

3(a)

	Capital accounts								
	Bipin	Feroz	Neeru			Bipin	Feroz	Neeru	
	$	$	$			$	$	$	
Goodwill adjustment	19 500		19 500}		Balances b/d	72 000	44 300	57 000	
Current a/c		1 980		**(1)**	Revaluation **W1**	9 300	3 100	6 200	**(1)**
Non-current asset		15 000		**(1)**					
Loan		36 920		**(2)CF (1)OF**	Goodwill adjustment	19 500	6 500	13 000}	**(1)**
Balances c/d	81 300		56 700						
	100 800	53 900	76 200			100 800	53 900	76 200	
					Balance b/d	81 300		56 700	**(1)OF**

W1 Revaluation surplus: Non-current assets + $23 000 – Inventory $4400 = $18 600
shared: Bipin $9300, Feroz $3100, Neeru $6200 **(1)**

7

3(b)

	Bipin	Neeru	
	$	$	
Capital account balances	81 300	56 700	**(1)OF**
Current account balances	4 240	(2 750)	**(1)**
	85 540	53 950	
Neeru to introduce **(1)OF**		31 590	**(1)OF**

4

Question	Answer	Marks
3(c)	It will ensure retiring partner is rewarded **(1)** for his/her contribution to the success of the business **(1)**.	**2**
3(d)	The value of goodwill is subjective **(1)** To apply the going concern concept **(1)** Value may fluctuate **(1)** **Max 2** **Accept other valid responses.**	**2**

© UCLES 2022

Question	Answer	Marks
4(a)		**5**

	Production departments		Service departments		
	Machining $	Assembly $	Support $	Canteen $	
Overheads already apportioned	106 350	28 600	7 180	13 870	
Depreciation of machinery	21 250	2 750	375	625	**(1)**
Production departments' supervisor's wages	13 500	6 300			**(1)**
	141 100	37 650	7 555	14 495	
Reapportioned canteen	9 213	4 299	983	(14 495)	**(1) OF**
	150 313	41 949	8 538	–	
Reapportioned Support	7 560	978	(8 538)		**(1) OF**
Total	157 873	42 927	–		**(1) OF**

4(b)	Machining department: 157 873/5 600 = $28.19 **(1)OF** per machine hour **(1)** Assembly department: 42 927/2 400 = $17.89 **(1)OF** per direct labour hour **(1)**	**4**

© UCLES 2022

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>4(c)</td><td>Production lower than forecast (1)
Actual overheads higher than forecast (1)</td><td>2</td></tr>
<tr><td>4(d)(i)</td><td>Option 1
<table>
<tr><td></td><td>$</td><td></td></tr>
<tr><td>Revenue ($28.35 × 16 000)</td><td>453 600</td><td>(1)</td></tr>
<tr><td>Direct materials ($8.80 × 16 000)</td><td>(140 800)</td><td>(1)</td></tr>
<tr><td>Direct labour; normal working ($10.10 × 15 000)</td><td>(151 500)</td><td>(1)</td></tr>
<tr><td>Direct labour: overtime working ($14.20 × 1000)</td><td>(14 200)</td><td></td></tr>
<tr><td>Contribution</td><td>147 100</td><td></td></tr>
<tr><td>Fixed costs ($44 000 – $2000)</td><td>(42 000)</td><td>(1)</td></tr>
<tr><td>Profit</td><td>105 100</td><td>(1)OF</td></tr>
</table></td><td>5</td></tr>
</table>

© UCLES 2022

Question	Answer	Marks
4(d)(ii)	**Option 2**	**5**

	$	
Revenue ($27 × 17 250)	465 750	**(1)**
Direct materials ($7.70 × 17 250)	(132 825)	**(1)**
Direct labour ($10.10 × 17 250)	(174 225)	**(1)**
Contribution	158 700	
Fixed costs ($44 000 + $1300 depreciation)	(45 300)	**(1)**
Profit	113 400	**(1)OF**

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>4(e)</td><td>
<table>
<tr><th>Financial (max 3)</th><th></th><th>Non-financial (max 3)</th><th></th></tr>
<tr><td>Produces less/more profit</td><td>(1)</td><td>Would training result in possible delay in production?</td><td>(1)</td></tr>
<tr><td>Possible low cost of finance (dividends optional)/shareholders will expect return</td><td>(1)</td><td>Will workforce need training on new machinery?</td><td>(1)</td></tr>
<tr><td>Will forecasts prove accurate?</td><td>(1)</td><td>Overtime may or may not be attractive to workforce</td><td>(1)</td></tr>
<tr><td>Would training costs apply</td><td>(1)</td><td>Higher selling price may reduce demand.</td><td>(1)</td></tr>
<tr><td>Will share issue be successful?</td><td>(1)</td><td></td><td></td></tr>
<tr><td>Costs of share issue</td><td>(1)</td><td></td><td></td></tr>
</table>
Overall max for comments (4)
Advice (1)
Accept other valid responses</td><td>5</td></tr>
<tr><td>4(f)(i)</td><td>Employees can be provided with achievable targets / Can assist with motivation (1)
Budgetary control can facilitate responsibility accounting (1)
Helps planning/co-ordination/control/communication (1)

Max 2
Accept other valid responses.</td><td>2</td></tr>
</table>

Question	Answer	Marks
4(f)(ii)	A poorly set budget can demotivate **(1)** Based on estimates not accurate **(1)** Might encourage interdepartmental rivalry **(1)** May discourage innovation **(1)** **Max 2** **Accept other valid responses.**	**2**

© UCLES 2022