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CAMBRIDGE
International Education

Cambridge International AS & A Level

ACCOUNTING **9706/33**

Paper 3 Structured Questions **October/November 2025**

MARK SCHEME

Maximum Mark: 150

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 2025 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 descriptions 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.

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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).

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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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Annotations guidance for centres

Examiners use a system of annotations as a shorthand for communicating their marking decisions to one another. Examiners are trained during the standardisation process on how and when to use annotations. The purpose of annotations is to inform the standard isation and monitoring processes and guide the supervising examiners when they are checking the work of examiners within their team. The meaning of annotations and how they are used is specific to each component and is understood by all examiners who mark the component.

We publish annotations in our mark schemes to help centres understand the annotations they may see on copies of scripts. Note that there may not be a direct correlation between the number of annotations on a script and the mark awarded. Similarly, the use of an annotation may not be an indication of the quality of the response.

The annotations listed below were available to examiners marking this component in this series.

Annotations

Annotation	Meaning
	Correct and relevant point made in answering the question.
	Incorrect point or error made.
LNK	Two statements are linked.
REP	Repeat
A0	An extraneous figure
N0	No working shown
AE	Addition error (Arithmetic error)
R1	Required item 1
R2	Required item 2
OF	Own figure

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Annotation	Meaning
EVAL	Evaluation
NAQ	Not answered question
BOD	Benefit of the doubt given.
SEEN	Noted but no credit given
Highlight	Highlight
Off page Comment	Off page comment

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Abbreviations and guidance
The following abbreviations may be used in the mark scheme:

OF = own figure. The answer will be marked correct if a candidate has correctly used their own figure from a previous part or calculation.

W = working. The working for a figure is given below. Where the figure has more than one mark associated with it, the working will show where individual marks are to be awarded.

CF = correct figure. The figure has to be correct i.e. no extraneous items have been included in the calculation

Extraneous item = an item that should not have been included in a calculation, including indirect expenses such as salaries in calculation of gross profit when there is one **OF** mark for gross profit'

Curly brackets, }, are used to show where one mark is given for more than one figure. If the figures are not adjacent, each is marked with a curly bracket and a symbol e.g. **}***

row = all figures in the row must be correct for this mark to be awarded

Marks for figures are dependent on correct sign/direction

Accept other valid responses. This statement indicates that marks may be awarded for answers that are not listed in the mark scheme but are equally valid.

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1(a)</td><td>Explain why a manufacturing business might decide to account for factory profit.

To assess how successful its manufacturing operations have been (1) by comparing the production cost with the buy-in cost (1).

Accept other valid responses.</td><td>2</td></tr>
<tr><td>1(b)</td><td>Explain the recording of the provision for unrealised profit in the statement of financial position.

The closing balance on the account is deducted from inventory of finished goods (1) in the current asset section (1) to bring the value back to cost (1) which avoids profit being recognised before it is earned (1).

Accept other valid responses.
Max 2</td><td>2</td></tr>
<tr><td>1(c)</td><td>Calculate the <u>rate</u> of factory profit applied in 2024.

<table>
<tr><td></td><td>$</td><td></td></tr>
<tr><td>cost of raw material consumed W1</td><td>59 400</td><td>(1)</td></tr>
<tr><td>direct costs</td><td>23 400</td><td>(1)</td></tr>
<tr><td>factory overheads W2</td><td>37 600</td><td>(1)</td></tr>
<tr><td>increase in work in progress</td><td>(400)</td><td>(1)</td></tr>
<tr><td>cost of production</td><td>120 000</td><td>(1)OF</td></tr>
<tr><td>rate of factory profit W3</td><td>20%</td><td>(1)OF</td></tr>
</table>

W1 2 300 + 1 200 + 57 900 – 2 000 = 59 400
W2 13 200 + 18 400 + 6 000 = 37 600
W3 (144 000 – 120 000)/120 000 × 100% = 20%</td><td>6</td></tr>
</table>

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1(d)</td><td>

Calculate the profit for the year ended 31 December 2024. Start your answer with the gross profit shown in the information item 5.

<table>
<tr><td></td><td>$</td><td></td></tr>
<tr><td>gross profit</td><td>126 620</td><td></td></tr>
<tr><td>factory profit W1</td><td>24 000</td><td>(1)OF</td></tr>
<tr><td>administrative expenses W2</td><td>(42 180)</td><td>(1)</td></tr>
<tr><td>distribution costs W3</td><td>(26 230)</td><td>(1)</td></tr>
<tr><td>provision for unrealised profit W4</td><td>(420)</td><td>(3)</td></tr>
<tr><td>finance costs</td><td>(6 100)</td><td>(1)</td></tr>
<tr><td>profit for the year</td><td>75 690</td><td>(1)OF</td></tr>
</table>

W1 120 000 × 20% = 24 000
W2 30 180 + 12 000 = 42 180
W3 21 830 + 4 400 = 26 230
W4 opening balance = 4 140 × 15/115 = 540 **(1)**
closing balance = 5 760 × 20/120 = 960 **(1)OF**
increase in provision (expense) = 420 **(1)OF**

Accept other presentations

</td><td>8</td></tr>
</table>

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Question	Answer	Marks
1(e)	**Discuss the factors Faizan should consider before responding to the new customer. Support your answer by considering <u>two</u> ways in which he could fulfil the order.** General comments (**Max 3)** Faizan should set the selling price such that the order would be profitable. **(1)** It may increase his profile in the industry. **(1)** The customer may become a regular customer. **(1)** The rate of profit on this order may be higher or lower than the rate of factory profit. **(1)** **Max 4 for any two of the following:** **Increasing production capacity** Additional factory space **(1)** and the employment of more staff **(1)** should be considered. There will be no need for these resources if this is a one-off order. **(1)** **Buying in instead of manufacturing** Faizan must consider the quality / timely delivery of goods if outsourcing. **(1)** The new customer may be able to buy the goods straight from the supplier. **(1)** The buy in price should be compared to the manufacturing cost. **(1)** The contribution per unit may change. **(1)** **Reducing sales to regular customers** This may cause a loss of goodwill / bad publicity. **(1)** The selling price for the bulk order may be lower than the usual selling price hence reducing profit per unit. **(1)** The customers may not come back once the special order is finished. **(1)** The bulk order may give rise to a saving in administrative costs compared to multiple small orders. **(1)** **Accept other valid responses**	**7**

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(a)</td><td>

Complete the following table to calculate the profit for <u>each</u> six-month period <u>and</u> the profit for the year ended 31 December 2024.

<table>
<tr><td></td><td>Jan-Jun
$</td><td></td><td>Jul-Dec
$</td><td></td><td>Full year
$</td><td></td></tr>
<tr><td>Revenue W1</td><td>150 000</td><td>(1)</td><td>216 000</td><td>(1)</td><td>366 000</td><td></td></tr>
<tr><td>Cost of sales W2</td><td>100 000</td><td></td><td>144 000</td><td></td><td>244 000</td><td>(1)OF row</td></tr>
<tr><td>Gross profit</td><td>50 000</td><td></td><td>72 000</td><td></td><td>122 000</td><td></td></tr>
<tr><td>Wages and salaries W3</td><td>16 100</td><td>(1)</td><td>17 400</td><td>(1)</td><td>33 500</td><td></td></tr>
<tr><td>Rent</td><td>6 200</td><td></td><td>6 600</td><td></td><td>12 800</td><td>(1) row</td></tr>
<tr><td>Depreciation W4</td><td>4 200</td><td>(1)</td><td>4 600</td><td>(1)</td><td>8 800</td><td></td></tr>
<tr><td>Other expenses W5</td><td>15 000</td><td></td><td>15 000</td><td></td><td>30 000</td><td>(1)OF row</td></tr>
<tr><td>Profit</td><td>8 500</td><td></td><td>28 400</td><td></td><td>36 900</td><td>(1)OF row</td></tr>
</table>

W1 revenue is split in the ratio 75: (90 × 1.2) = 75:108
366 000 × 75/183 = 150 000 366 000 × 108/183 = 216 000

W2 150 000 × 2/3 = 100 000 216 000 × 2/3 = 144 000

W3 16 600 + 400 – 900 = 16 100 17 100 + 700 – 400 = 17 400

W4 84 000 × 0.10 × 6/12 = 4 200 ((84 000 – 13 800 – 4 200) + 26 000) × 0.10 × 6/12 = 4 600

W5 85 100 – 33 500 – 12 800 – 8 800 = 30 000 30 000 × 6/12 = 15 000

</td><td>10</td></tr>
</table>

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Question	Answer	Marks
2(b)	**Discuss whether the decision to admit Sami into the partnership has benefited Aimee and Benny.** Profit has been much higher since Sami was admitted/ Aimee and Benny's total share of profit is higher in the second six months **(1).** Their capital/interest on capital has increased considerably **(1).** A large proportion of the increase in profit is due to the increase in the selling price **(1)**, which it seems would have occurred whether Sami was admitted or not **(1).** Another reason for the increase in profit is the increase in units sold **(1)** which may be due to the involvement of Sami or may be due to seasonal effects **(1).** The partnership has more funds available for investment **(1).** Aimee and Benny will find it easier to run the business in cases of sickness or holidays/there may be difficulties in decision making **(1).** **Accept other valid responses.** **Max 5**	**5**

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(c)</td><td>Calculate the total income for Sami for the six-month period ended 31 December 2024.
<table>
<tr><td></td><td>$</td><td></td></tr>
<tr><td>Profit for the period</td><td>28 400</td><td>(1)OF</td></tr>
<tr><td>Interest on capital</td><td></td><td></td></tr>
<tr><td>Aimee 10% × 6/12 × 76000</td><td>(3 800)</td><td></td></tr>
<tr><td>Benny 10% × 6/12 × 56000</td><td>(2 800)</td><td></td></tr>
<tr><td>Sami 10% × 6/12 × 44000</td><td>(2 200)</td><td>(1)</td></tr>
<tr><td></td><td>8 800</td><td></td></tr>
<tr><td>Residual profit</td><td>19 600</td><td>(1)OF</td></tr>
<tr><td>Shares of profit</td><td></td><td></td></tr>
<tr><td>Aimee 40%</td><td>7 840</td><td></td></tr>
<tr><td>Benny 40%</td><td>7 840</td><td></td></tr>
<tr><td>Sami 20%</td><td>3 920</td><td>(1)OF</td></tr>
<tr><td></td><td>19 600</td><td></td></tr>
<tr><td>Total for Sami</td><td>6 120</td><td>(1)OF</td></tr>
<tr><td></td><td></td><td></td></tr>
</table></td><td>5</td></tr>
</table>

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Question	Answer	Marks
2(d)	**Evaluate whether or not Sami's decision to join the partnership has benefited him. Justify your answer.** Advantages **(Max 2)** His total share of profit is greater than the interest payable **(1).** He may have been able to make drawings more than the interest to enable him to pay it **(1).** He will benefit from future increases in value of non-current assets / increases in profit. **(1).** Disadvantages **(Max 2)** The interest on his loan for the six months is $2000 **(1).** If the partnership does not prosper Sami would lose his investment and the family home **(1).** His share of profit may not reward him adequately for the hours he may have put into the business / he may have had to forego a salary elsewhere **(1).** **Decision supported with a comment (1)** **Accept other valid responses**	**5**

Question	Answer	Marks
3(a)(i)	**Calculate, to <u>two</u> decimal places, the following ratios.** **dividend per share** 12 000/200 000 = $0.06 **(1)**	**1**
3(a)(ii)	**Calculate, to <u>two</u> decimal places, the following ratios.** **dividend cover** 60 000/12 000 = 5 times **(1)**	**1**

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Question	Answer	Marks
3(a)(iii)	**Calculate, to <u>two</u> decimal places, the following ratios.** **gearing ratio** 300 000 / (300 000 + 335 200) **(1)** × 100 = 47.23% **(1)OF**	**2**
3(b)	**Calculate the expected annual profit from operations if the investment in new non-current assets takes place.** $$\begin{array}{lrl} & \$ & \\ \text{2024 profit for the year} & 60\,000 & \\ \text{Debenture interest } (300\,000 \times 0.08) & 24\,000 & \\ \text{2024 profit from operations} & 84\,000 & \textbf{(1)} \\ \text{Increase (15\%)} & 12\,600 & \\ \text{Expected profit from operations} & 96\,600 & \textbf{(1)OF} \end{array}$$	**2**

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>3(c)</td><td>

Calculate, to <u>two</u> decimal places, the dividend cover in 2025 <u>and</u> the gearing ratio at 31 December 2025 for <u>each</u> option.

<table>
<tr><td></td><td>Option 1</td><td>Option 2</td></tr>
<tr><td>Dividend cover</td><td>3.61 times (3)OF</td><td>3.36 times (3)OF</td></tr>
<tr><td>Gearing ratio</td><td>58.31% (4)OF</td><td>33.11% (4)OF</td></tr>
</table>

Workings

<table>
<tr><td></td><td>Option 1</td><td>Option 2</td></tr>
<tr><td>Dividend cover</td><td>Profit for the year = 96 600 (OF) – 24 000 – 22 000 = 50 600
Dividend = 12 000 × 7/6 = 14 000
50 600 (1)OF ÷ 14 000 (1)
= 3.61 times (1)OF</td><td>Profit for the year = 96 600 (OF) – 24 000 = 72 600
Dividend = 360 000 × 0.06 = 21 600
72 600 (1)OF ÷ 21 600 (1)
= 3.36 times (1)OF</td></tr>
<tr><td>Gearing ratio</td><td>(300 000 + 220 000) (1) ÷
(300 000 + 220 000) + 335 200 + 50 600 (1)OF – 14 000 (1)OF × 100
(520 000 ÷ 891 800) × 100 = 58.31% (1)OF</td><td>300 000 (1) ÷
300 000 + 335 200+ 220 000 +72 600 (1)OF – 21 600 (1)OF × 100
=(300 000 ÷ 906 200) × 100 = 33.11% (1)OF</td></tr>
</table>

</td><td>14</td></tr>
</table>

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Question	Answer	Marks
3(d)	**Assess whether or not the directors made the right decision in choosing Option 1. Justify your answer.** **Advantages of option 1 (Max 2)** There was no dilution of control **(1).** The loan can be paid back/no permanent capital is involved **(1).** The loan could be negotiated with certainty but there was no assurance that all the shares would be sold **(1).** Dividend cover is better/reduces less than under option 2 which may be more reassuring to shareholders **(1).** Minimal increase in dividends **(1).** **Disadvantages of option 1 (Max 2)** The increase in interest is greater than the increase in profit from operations/profit reduces **(1).** The company becomes highly geared **(1).** Option 2 would have reduced gearing / have a lower gearing ratio than option 1 **(1).** Interest has to be paid whether or not profit is made **(1).** Loan may require security **(1).** Business has become riskier **(1).** Dividends have had to be increased to compensate shareholders for the extra risk **(1).** **Decision supported with a comment (1)** **Accept other valid responses**	**5**

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