Cambridge Assessment International Education

Cambridge International AS & A Level

ACCOUNTING **9706/31**

Paper 3 Structured Questions **May/June 2020**

MARK SCHEME

Maximum Mark: 150

Published

Students did not sit exam papers in the June 2020 series due to the Covid-19 global pandemic.

This mark scheme is published to support teachers and students and should be read together with the question paper. It shows the requirements of the exam. The answer column of the mark scheme shows the proposed basis on which Examiners would award marks for this exam. Where appropriate, this column also provides the most likely acceptable alternative responses expected from students. Examiners usually review the mark scheme after they have seen student responses and update the mark scheme if appropriate. In the June series, Examiners were unable to consider the acceptability of alternative responses, as there were no student responses to consider.

Mark schemes should usually be read together with the Principal Examiner Report for Teachers. However, because students did not sit exam papers, there is no Principal Examiner Report for Teachers for the June 2020 series.

Cambridge International will not enter into discussions about these mark schemes.

Cambridge International is publishing the mark schemes for the June 2020 series for most Cambridge IGCSE™ and Cambridge International A & 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.

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1(a)</td><td>Statement of cash flows
• use historical data
• format is prescribed by accounting standard, i.e. IAS7
• investors to make financial decisions
• prepared on an annual basis

Cash budget
• use predicted figures
• no prescribed format, suit management purpose
• management to make management decisions
• may be monthly or other periodic basis

(1 marks) × 3 pairs of contrast
Max 3
Accept other valid points</td><td>3</td></tr>
<tr><td>1(b)</td><td>
<table>
<tr><td></td><td>$</td><td></td><td></td></tr>
<tr><td>Profit from operations</td><td>55 950</td><td></td><td></td></tr>
<tr><td>Premises depreciation</td><td>20 000</td><td>W1</td><td>(1)</td></tr>
<tr><td>Machinery depreciation</td><td>27 000</td><td>W2</td><td>(1)</td></tr>
<tr><td>Motor vehicles depreciation</td><td>39 800</td><td>W3</td><td></td></tr>
<tr><td>Loss on disposal of MV</td><td>6 500</td><td>W4</td><td>(1)</td></tr>
<tr><td>Decrease in inventory</td><td>3 950</td><td></td><td>(1)</td></tr>
<tr><td>Increase in trade receivables</td><td>(3 100)</td><td></td><td>(1)</td></tr>
<tr><td>Increase in trade payables</td><td>4 300</td><td></td><td>(1)</td></tr>
<tr><td>Cash from operations</td><td>154 400</td><td></td><td>(1)OF</td></tr>
</table>

W1 400 000 – 380 000
W2 202 000 + 28 000 – 203 000
W3 118 000 + 74 000 – 113 200 (1) – (65 000 – 26 000)(1)
W4 (65 000 – 26 000) – 32 500</td><td>9</td></tr>
</table>

Question	Answer	Marks
1(c)	Statement of cash flows for the year ended 31 December 2019 $ $ Operating activities Cash from operations 154 400 **OF** Tax paid (13400+12600-13400) (12 600) **(1)** Interest paid (8250+2500-750) (10 000) **(1)** Net cash from operating activities 131 800 Investing activities Purchase of machinery (28 000) } Purchase of motor vehicle (74 000) } Sale proceeds of motor vehicle 32 500 }**(1)** Net cash used in investing activities (69 500) Financing activities Receipts from issue of share capital 60 000 **(1)** Repayment of loan (70 000) **(1)** Dividend paid (44 000) **(1)** Net cash used in financing activities (54 000) Net increase in cash and cash equivalents 8 300 **(1)OF** Cash and cash equivalents at the start of the year 8 100 Cash and cash equivalents at the end of the year 16 400 Must have opening cash from operations from **(b)** for the **OF** mark	**7**
1(d)	Increase in general reserve is due to a transfer from retained earnings to general reserve, not a cash transaction. **(1)** There is no impact on the cash flow.**(1)**	**2**
1(e)	Responses could include: • there is still net increase in cash and cash equivalents even though part of the loan was repaid **(1)** • but it is only small increase **(1)** • additional shares were issued / large net cash inflows from operating activities **(1)** • saved from paying loan interest / gearing ratio is improved **(1)** • had to pay dividend and additional non-current assets. **(1)** **1 mark** for decision plus **Max 3** marks for justification. **Accept other valid points**	**4**
2(a)(i)	Work in progress are goods in the process of production that have not yet been completed. **(1)**	**1**

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