

Cambridge O Level

ACCOUNTING**7707/22**

Paper 2 Structured

May/June 2025**MARK SCHEME**Maximum Mark: 100

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 2025 series for most Cambridge IGCSE, Cambridge International A and AS Level components, and some Cambridge O Level components.

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 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.

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.

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 standardisation 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
	Indicates a point which is relevant and rewardable
	Indicates a point which is inaccurate/irrelevant and not rewardable
	Used when the benefit of the doubt is given in order to reward a response
	An extraneous figure or item in the statement
	Own figure
	Indicates that content has been recognised but not rewarded
	Indicates where content has been repeated.

Question	Answer										Marks
1(a)	Kadima Cash Book										12
	Date	Details	Disc Allowed	Cash	Bank	Date	Details	Disc Rece	Cash	Bank	
	2025		\$	\$	\$	2025		\$	\$	\$	
	Mar 1	Balance b/d		50	840	Mar 4	Lee	4		196	
	6	Sophiah	(1) 9		291	14	Motor expenses	(1)	26		
	19	Merve	(1)		375	22	Mark	(1)	10	240	
	28	Bank*		400		28	Cash	(1)*		400	
						29	Wages	(1)	362		
						30	Motor expenses	(1)		91	
						31	Balance c/d		62	579	
							(1)OF				
Apr 1	Balance b/d	9**	450	1506			14**	450	1506		
			62	579							
			(1)OF	(1)OF							
(1)* for both entries of transfer of cash to bank ** for both totals +(1) for dates											

Question	Answer	Marks
1(b)	\$ Cash book balance 579 (1)OF Cash book error (357 – 375) (18 (1) Revised cash book balance 561 (1)OF	3
1(c)	For requiring bank transfers and increased cash discount Record keeping would be easier (1) Increase in cash discount may attract more customers / increase sales (1) Most businesses use bank transfers (1) Money is usually safer in the bank, than being held in cash / reduces risk of theft / fraud (1) No need to visit the bank to pay in cheques (1) Cheques may be returned unpaid (1) Cheques take time to clear (1) Accept other valid points Max (3) Against requiring bank transfers and increased cash discount Increased cash discount allowed would reduce profitability (1) Bank charges may increase (1) Some customers/suppliers may prefer to deal in cash/cheques (1) Not all customers may have a bank account (1) Employees may prefer to continue to be paid in cash (1) Accept other valid points Max (3) Overall For and Against: Max (4) Recommendation (1)	5

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Question	Answer	Marks																																																
2(a)	Farah and Salma Appropriation Account for the year ended 28 February 2025 <table><tr><td></td><td>\$</td><td>\$</td></tr><tr><td>Profit for the year</td><td></td><td>38 175</td></tr><tr><td>Add Interest on drawings Farah</td><td>*95 (1)</td><td></td></tr><tr><td>Salma</td><td>**210 (1)</td><td>305</td></tr><tr><td></td><td></td><td><u>38 480</u></td></tr><tr><td>Less</td><td></td><td></td></tr><tr><td>Interest on capital: Farah</td><td>1 040 }</td><td></td></tr><tr><td>Salma</td><td>1 500 } (1)</td><td></td></tr><tr><td></td><td><u>2 540</u></td><td></td></tr><tr><td>Salary – Farah</td><td>11 200 (1)</td><td>13 740</td></tr><tr><td></td><td></td><td><u>24 740</u></td></tr><tr><td>Profit share: Farah (30% × 24 740)</td><td>7 422 (1) OF</td><td></td></tr><tr><td>Salma (70% × 24 740)</td><td>17 318 (1) OF</td><td>24 740</td></tr><tr><td></td><td></td><td><u>24 740</u></td></tr></table> (Farah (14 250 × 4% × 2/12) =95* Salma (14 250 × 4% × 2/12) + (5 750 × 4% × 6/12) = 210**		\$	\$	Profit for the year		38 175	Add Interest on drawings Farah	*95 (1)		Salma	**210 (1)	305			<u>38 480</u>	Less			Interest on capital: Farah	1 040 }		Salma	1 500 } (1)			<u>2 540</u>		Salary – Farah	11 200 (1)	13 740			<u>24 740</u>	Profit share: Farah (30% × 24 740)	7 422 (1) OF		Salma (70% × 24 740)	17 318 (1) OF	24 740			<u>24 740</u>	6						
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2(b)	Farah Current account <table><tr><th>Date 2025</th><th>Details</th><th>\$</th><th>Date 2024</th><th>Details</th><th>\$</th></tr><tr><td>Feb 28</td><td>Drawings (1)</td><td>14 250</td><td>Mar 1</td><td>Balance b/d (1)</td><td>3 450</td></tr><tr><td></td><td>Interest on drawings (1)OF</td><td>95</td><td>2025</td><td></td><td></td></tr><tr><td></td><td>Balance c/d</td><td>8 767</td><td>Feb 28</td><td>Interest on capital (1)OF</td><td>1 040</td></tr><tr><td></td><td></td><td></td><td></td><td>Salary (1)</td><td>11 200</td></tr><tr><td></td><td></td><td></td><td></td><td>Share of profit (1)OF</td><td>7 422</td></tr><tr><td></td><td></td><td><u>23 112</u></td><td></td><td></td><td><u>23 112</u></td></tr><tr><td></td><td></td><td></td><td>Mar 1</td><td>Balance b/d (1)OF</td><td>8 767</td></tr></table>	Date 2025	Details	\$	Date 2024	Details	\$	Feb 28	Drawings (1)	14 250	Mar 1	Balance b/d (1)	3 450		Interest on drawings (1)OF	95	2025				Balance c/d	8 767	Feb 28	Interest on capital (1)OF	1 040					Salary (1)	11 200					Share of profit (1)OF	7 422			<u>23 112</u>			<u>23 112</u>				Mar 1	Balance b/d (1)OF	8 767	7
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Question	Answer	Marks
2(c)	There may be insufficient money in the bank / reduces liquidity (1) There may be a limit on drawings (stated in the partnership agreement) (1) May damage the relationship between the partners (1) Salma would have to pay interest on drawings (1) Accept other valid points Max (2)	2
2(d)	Advantages of converting to a limited company Easier to raise capital / finance / loans (1) Shareholders have limited liability (1) Workload / responsibility is shared (1) Profit may increase (1) Farah receives an increase in salary (1) Limited company has continuity of existence / there is separate legal identity (1) Accept other valid points Max (3) Disadvantages of converting to a limited company Farah and Salma would lose control (1) The brothers may have no business experience (1) Increased legal and administrative costs (1) Cash / profit may be reduced to pay salaries/dividends (1) The investment may not be sufficient to fund the expansion (1) Accept other valid points Max (3) Overall Advantages and Disadvantages: Max (4) Recommendation (1)	5

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Question	Answer						Marks
3(a)	Jasmine Provision for depreciation of motor vehicles account						4
	Date 2025	Details	\$	Date 2024	Details	\$	
				Apr 1	Balance b/d	(1) 7 000	
	Mar 31	Balance c/d	13 750	2025	Income statement * (2)CF or (1)**	6 750	
			13 750	Mar 31		13 750	
				2025			
				Apr 1	Balance b/d	(1)OF 13 750	
	* (16 000 – 7 000 + 18 000 =) 27 000 × 25% = 6 750 **2250 or 4500 = 1 must be a credit entry with IS label						
	Jasmine Provision for doubtful debts account						
	Date 2025	Details	\$	Date 2024	Details	\$	
Mar 31	Income statement (1)OF	21	Apr 1	Balance b/d	(1) 366		
	Balance c/d	345					
		366			366		
			2025				
			Apr 1	Balance b/d*	(2)CF or (1) 345		
* (11 800 – 300 =) 11 500 × 3% = 345							

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Question	Answer	Marks																																				
3(c)	Jasmine Rent and Rates account <table><tr><th>Date</th><th>Details</th><th>\$</th><th>Date</th><th>Details</th><th>\$</th></tr><tr><td>2024 Apr 1</td><td>Balance b/d (1)</td><td>900</td><td>2024 Apr 1</td><td>Balance b/d (1)</td><td>270</td></tr><tr><td>2025 Mar 31</td><td>Bank (1)</td><td>14 960</td><td>2025 Mar 31</td><td>Income statement (1)OF</td><td>14 850</td></tr><tr><td></td><td>Balance c/d</td><td>185</td><td></td><td>Balance c/d</td><td>925</td></tr><tr><td></td><td></td><td>16 045</td><td></td><td></td><td>16 045</td></tr><tr><td>Apr 1</td><td>Balance b/d (1)</td><td>925</td><td>Apr 1</td><td>Balance b/d (1)</td><td>185</td></tr></table>	Date	Details	\$	Date	Details	\$	2024 Apr 1	Balance b/d (1)	900	2024 Apr 1	Balance b/d (1)	270	2025 Mar 31	Bank (1)	14 960	2025 Mar 31	Income statement (1)OF	14 850		Balance c/d	185		Balance c/d	925			16 045			16 045	Apr 1	Balance b/d (1)	925	Apr 1	Balance b/d (1)	185	6
Date	Details	\$	Date	Details	\$																																	
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3(d)	Jasmine Statement of Financial Position as at 31 March 2025 <table><tr><td>Current Assets</td><td>\$</td></tr><tr><td>Trade receivables (11 800 – 300)</td><td>11 500</td></tr><tr><td>Less Provision for doubtful debts</td><td>345 OF</td></tr><tr><td></td><td>11 155 (1)OF</td></tr><tr><td>Other receivables</td><td>925 (1)</td></tr><tr><td></td><td>12 080 (1)OF</td></tr></table>	Current Assets	\$	Trade receivables (11 800 – 300)	11 500	Less Provision for doubtful debts	345 OF		11 155 (1)OF	Other receivables	925 (1)		12 080 (1)OF	3																								
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3(e)(i)	Depreciation is charged using the same method each year. (1)	1																																				
3(e)(ii)	Obtaining credit references / Establishing credit limits (1) Sending invoices and statements promptly (1) Improve credit control / monitoring/investigating/chasing overdue accounts (1) Refusing to supply customers until outstanding amounts have been paid (1) Taking legal action (1) Max (1)	1																																				
3(e)(iii)	Matching / accruals (1)	1																																				

Question	Answer				Marks
4(a)	Bilal Journal				11
	Error number	Details	Debit \$	Credit \$	
	1	Cash Purchases	185 (1)	185 (1)	
	2	Motor expenses Bank	27 (1)	27 (1)	
	3	Bank loan Capital	2000 (1)	2000(1)	
	4	Purchases Maira Maya	168 (1)	84 (1) 84 (1)	
	5	Drawings Insurance	130 (1)	130 (1)	

Question	Answer	Marks
4(b)	\$ Original profit for the year 12 930 Error 1 185 (1) Error 2 (27) (1) Error 4 (168) (1) Error 5 130 (1) Draft profit for the year after correcting errors <u>13 050</u> (1)OF	5
4(c)	\$ Capital at 1 January 2024 6 200 Revised draft profit 13 050 (1)OF Capital introduced 2 000 (1) <u>21 250</u> Less Drawings (11 260 + 130) (11 390) (1) Capital at 31 December 2024 <u>9 860</u> (1)OF	4

Question	Answer						Marks		
5(a)	Rexford Purchases ledger control account						4		
	Date	Details	\$	Date	Details	\$			
	2024 Dec 31	Bank	}	68 100	2024 Jan 1	Balance b/d		(1) 5 680	
		Discount received		}	(1) 380	Dec 31		Purchases	(1)OF 69 900
		Balance c/d (5 680 × 1.25)			7 100				
				75 580				75 580	
				2025 Jan 1	Balance b/d	(1) 7 100			

Question	Answer	Marks																																													
5(b)	Rexford Income statement for the year ended 31 December 2024 <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th><th style="text-align: right;">\$</th><th style="text-align: right;">\$</th></tr> </thead> <tbody> <tr> <td>Revenue ($69\,500 \times 1.5$)</td><td></td><td style="text-align: right;">104 250 (1)OF</td></tr> <tr> <td>Cost of sales</td><td></td><td></td></tr> <tr> <td>Opening inventory</td><td style="text-align: right;">6 000</td><td></td></tr> <tr> <td>Purchases</td><td style="text-align: right;">69 900 OF</td><td></td></tr> <tr> <td></td><td style="text-align: right;"><u>75 900</u></td><td></td></tr> <tr> <td>Less Closing inventory</td><td style="text-align: right;">6 400 (1)</td><td style="text-align: right;"><u>69 500 (1)OF</u></td></tr> <tr> <td>Gross profit</td><td></td><td style="text-align: right;">34 750 (1)OF</td></tr> <tr> <td>Discount received</td><td></td><td style="text-align: right;"><u>380 (1)</u></td></tr> <tr> <td></td><td></td><td style="text-align: right;">35 130</td></tr> <tr> <td>Rent and insurance ($10\,120 + 300$)</td><td style="text-align: right;">10 420 (1)</td><td></td></tr> <tr> <td>General expenses</td><td style="text-align: right;">4 730</td><td></td></tr> <tr> <td>Wages</td><td style="text-align: right;">6 400</td><td></td></tr> <tr> <td>Depreciation on fixtures and fittings ($20\% \times 28\,000$)</td><td style="text-align: right;">5 600 (1)</td><td style="text-align: right;"><u>27 150</u></td></tr> <tr> <td>Profit for the year</td><td></td><td style="text-align: right;"><u>7 980 (1)OF</u></td></tr> </tbody> </table>		\$	\$	Revenue ($69\,500 \times 1.5$)		104 250 (1)OF	Cost of sales			Opening inventory	6 000		Purchases	69 900 OF			<u>75 900</u>		Less Closing inventory	6 400 (1)	<u>69 500 (1)OF</u>	Gross profit		34 750 (1)OF	Discount received		<u>380 (1)</u>			35 130	Rent and insurance ($10\,120 + 300$)	10 420 (1)		General expenses	4 730		Wages	6 400		Depreciation on fixtures and fittings ($20\% \times 28\,000$)	5 600 (1)	<u>27 150</u>	Profit for the year		<u>7 980 (1)OF</u>	8
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5(c)	$21\,750 + 104\,250$ (1)OF – $103\,200$(1) = $22\,800$(1)OF* *(Opening trade receivables + Revenue (OF) – Receipts from sales = Closing trade receivables (OF)	3																																													

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Question	Answer	Marks
5(d)	For employing a bookkeeper More reliable records / more accurate records / less errors (1) More up-to-date figures available, e.g. bank, trade receivables, trade payables (1) Time freed up for other tasks (1) Payments to trade payables will be monitored so that more cash discount is claimed (1) More detailed records would be available for reference purposes / easier to prepare financial statements (1) Accept other valid points Max (2) Against employing a bookkeeper The salary would reduce profit / increases expenses (1) There would be a reduction in cash/liquidity. (1) The money may be better spent elsewhere e.g. new fixtures and fittings (1) The book-keeper will not prepare the financial statements (1) Accept other valid points Max (2) Overall For and Against: Max (4) Recommendation (1)	5