



Cambridge International AS & A Level

ACCOUNTING

9706/22

Paper 2 Structured Questions

May/June 2020

MARK SCHEME

Maximum Mark: 90

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.

This document consists of **10** printed pages.

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.

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.

Que stio n	Answer	Ma rks																								
1(a)	Credit purchases Trade payables <table><tr><td></td><td>\$</td><td></td><td>\$</td></tr><tr><td>Payments</td><td>70 300</td><td>Opening balance</td><td>4 980 (1)</td></tr><tr><td>Discounts received</td><td>940</td><td>Purchases</td><td>73 480 (1)OF</td></tr><tr><td>Closing balance</td><td><u>7 220 (1)</u></td><td></td><td></td></tr><tr><td></td><td><u>78 460</u></td><td></td><td><u>78 460</u></td></tr></table> Accept alternative presentations		\$		\$	Payments	70 300	Opening balance	4 980 (1)	Discounts received	940	Purchases	73 480 (1)OF	Closing balance	<u>7 220 (1)</u>				<u>78 460</u>		<u>78 460</u>	4				
	\$		\$																							
Payments	70 300	Opening balance	4 980 (1)																							
Discounts received	940	Purchases	73 480 (1)OF																							
Closing balance	<u>7 220 (1)</u>																									
	<u>78 460</u>		<u>78 460</u>																							
1(b)	Depreciation of furniture and equipment <table><tr><td></td><td>\$</td><td></td></tr><tr><td>Opening valuation</td><td>26 800</td><td></td></tr><tr><td>New furniture</td><td><u>5 200</u></td><td>(1)</td></tr><tr><td></td><td>32 000</td><td></td></tr><tr><td>Less closing valuation</td><td><u>28 300</u></td><td>(1)</td></tr><tr><td>Depreciation</td><td><u>3 700</u></td><td>(1) OF</td></tr></table>		\$		Opening valuation	26 800		New furniture	<u>5 200</u>	(1)		32 000		Less closing valuation	<u>28 300</u>	(1)	Depreciation	<u>3 700</u>	(1) OF	3						
	\$																									
Opening valuation	26 800																									
New furniture	<u>5 200</u>	(1)																								
	32 000																									
Less closing valuation	<u>28 300</u>	(1)																								
Depreciation	<u>3 700</u>	(1) OF																								
1(c)	Drawings Cash account <table><tr><td></td><td>\$</td><td></td><td>\$</td></tr><tr><td>Opening balance</td><td>820 (1)*</td><td>Cash banked</td><td>112 400 (1)</td></tr><tr><td>Cash sales</td><td>133 200 (1)</td><td>Wages of assistant</td><td>18 800 (1)</td></tr><tr><td></td><td></td><td>Drawings</td><td>2 410 (1)OF</td></tr><tr><td></td><td></td><td>Closing balance</td><td><u>410 *</u></td></tr><tr><td></td><td><u>134 020</u></td><td></td><td><u>134 020</u></td></tr></table> *Both Accept alternative presentations		\$		\$	Opening balance	820 (1)*	Cash banked	112 400 (1)	Cash sales	133 200 (1)	Wages of assistant	18 800 (1)			Drawings	2 410 (1)OF			Closing balance	<u>410 *</u>		<u>134 020</u>		<u>134 020</u>	5
	\$		\$																							
Opening balance	820 (1)*	Cash banked	112 400 (1)																							
Cash sales	133 200 (1)	Wages of assistant	18 800 (1)																							
		Drawings	2 410 (1)OF																							
		Closing balance	<u>410 *</u>																							
	<u>134 020</u>		<u>134 020</u>																							

Question	Answer	Marks																																																			
1(d)	Tariq Income statement for the year ended 30 September 2019 <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 50%;"></th><th style="width: 25%; text-align: right;">\$</th><th style="width: 25%; text-align: right;">\$</th></tr> </thead> <tbody> <tr> <td>Revenue</td><td></td><td style="text-align: right;">133 200</td></tr> <tr> <td>Less Opening inventory</td><td style="text-align: right;">7 410</td><td></td></tr> <tr> <td>Purchases [\$73 480 (of) – \$390 (1)]</td><td style="text-align: right;">73 090</td><td></td></tr> <tr> <td></td><td style="text-align: right;">80 500</td><td></td></tr> <tr> <td>Closing inventory</td><td style="text-align: right;"><u>8 080</u></td><td></td></tr> <tr> <td>Cost of sales</td><td></td><td style="text-align: right;"><u>72 420</u></td></tr> <tr> <td>Gross profit</td><td></td><td style="text-align: right;"><u>60 780</u> (1)</td></tr> <tr> <td>Discounts received</td><td></td><td style="text-align: right;"><u>940</u> (1)</td></tr> <tr> <td></td><td></td><td style="text-align: right;"><u>61 720</u></td></tr> <tr> <td>Rent W1</td><td style="text-align: right;">16 960</td><td style="text-align: right;">(2)OF</td></tr> <tr> <td>Depreciation of furniture and equipment</td><td style="text-align: right;">3 700</td><td style="text-align: right;">(1)OF</td></tr> <tr> <td>Accountant's fees</td><td style="text-align: right;">640</td><td style="text-align: right;">(1)</td></tr> <tr> <td>Loan interest</td><td style="text-align: right;">580</td><td></td></tr> <tr> <td>Wages of assistant</td><td style="text-align: right;"><u>18 800</u></td><td style="text-align: right;">(1)</td></tr> <tr> <td></td><td></td><td style="text-align: right;"><u>40 680</u></td></tr> <tr> <td>Profit for year</td><td></td><td style="text-align: right;"><u>21 040</u> (1)OF</td></tr> </tbody> </table> W1 Rent Payment \$14 930 + \$990 (1) + \$1 040 (1) = 16 960		\$	\$	Revenue		133 200	Less Opening inventory	7 410		Purchases [\$73 480 (of) – \$390 (1)]	73 090			80 500		Closing inventory	<u>8 080</u>		Cost of sales		<u>72 420</u>	Gross profit		<u>60 780</u> (1)	Discounts received		<u>940</u> (1)			<u>61 720</u>	Rent W1	16 960	(2)OF	Depreciation of furniture and equipment	3 700	(1)OF	Accountant's fees	640	(1)	Loan interest	580		Wages of assistant	<u>18 800</u>	(1)			<u>40 680</u>	Profit for year		<u>21 040</u> (1)OF	9
	\$	\$																																																			
Revenue		133 200																																																			
Less Opening inventory	7 410																																																				
Purchases [\$73 480 (of) – \$390 (1)]	73 090																																																				
	80 500																																																				
Closing inventory	<u>8 080</u>																																																				
Cost of sales		<u>72 420</u>																																																			
Gross profit		<u>60 780</u> (1)																																																			
Discounts received		<u>940</u> (1)																																																			
		<u>61 720</u>																																																			
Rent W1	16 960	(2)OF																																																			
Depreciation of furniture and equipment	3 700	(1)OF																																																			
Accountant's fees	640	(1)																																																			
Loan interest	580																																																				
Wages of assistant	<u>18 800</u>	(1)																																																			
		<u>40 680</u>																																																			
Profit for year		<u>21 040</u> (1)OF																																																			
1(e) (i)	Business entity: a business has its existence separate from its owners (1) only transactions that affect the business should be recorded in the accounting records (1) Max 2	2																																																			
1(e) (ii)	Substance over form: financial statements must give a complete and accurate picture of events (1) so economic impact is taken into account and legal form is disregarded (1) Max 2	2																																																			

Question	Answer	Marks
1(f)	Advice (1) Reducing inventory: Would achieve improvement in liquidity (1) Would reduce storage costs (1) Would reduce chance that items become out of date and are wasted (1) But negative impact if inventories run out and demand not met (1) Delaying payments to suppliers: Would achieve improvement in liquidity (1) Might cause the loss of cash discounts/negative impact on profits (1) But negative impact if credit terms not met leading to loss of suppliers/credit terms/interest charges (1) Award up to 2 marks for each course of action (overall maximum 4 marks) plus 1 mark for advice	5

Question	Answer	Marks
2(a)	Advantage (Max 1 advantage) Provides a more realistic charge against profits (1) as some assets lose more value in their first years (1)/as the asset reduces in value so the depreciation charge reduces (1). 1 + 1 mark for development Accept other valid responses. Disadvantage (Max 1 disadvantage) Is more complicated to calculate (1) as the charge changes each year because it is based on the decreasing net book value at the beginning of each year (1) rather than the more straightforward equal charge per year when using the straight-line method (1). 1 + 1 mark for development Accept other valid responses.	4

Que stio n	Answer	Ma rks																																																																																								
2(b)	Balance of provision for depreciation account at 31 December 2019 <table><tr><td></td><td>Vehicle A</td><td></td><td></td><td>Vehicle B</td><td></td></tr><tr><td>Depreciation charge for 2018 (\$36 000 × 20%)</td><td>7 200</td><td rowspan="2">(1)</td><td>(\$40 000 × 20%)</td><td>8 000</td><td>(1)</td></tr><tr><td>Depreciation charge for 2019 (\$28 800 × 20%)</td><td>5 760</td><td>(\$32 000 × 20%)</td><td>6 400</td><td>(1)</td></tr><tr><td></td><td>12 960</td><td></td><td></td><td>14 400</td><td></td></tr></table> Balance is \$27 360 (1)OF		Vehicle A			Vehicle B		Depreciation charge for 2018 (\$36 000 × 20%)	7 200	(1)	(\$40 000 × 20%)	8 000	(1)	Depreciation charge for 2019 (\$28 800 × 20%)	5 760	(\$32 000 × 20%)	6 400	(1)		12 960			14 400		4																																																																	
	Vehicle A			Vehicle B																																																																																						
Depreciation charge for 2018 (\$36 000 × 20%)	7 200	(1)	(\$40 000 × 20%)	8 000	(1)																																																																																					
Depreciation charge for 2019 (\$28 800 × 20%)	5 760		(\$32 000 × 20%)	6 400	(1)																																																																																					
	12 960			14 400																																																																																						
2(c)	Delivery vehicles cost account <table><tr><td colspan="4">\$</td><td colspan="4">\$</td></tr><tr><td>2018</td><td></td><td></td><td></td><td>2020</td><td></td><td></td><td></td></tr><tr><td>Jan 1</td><td>Bank: delivery vehicle A</td><td>36 000</td><td>*</td><td>Feb 1</td><td>Disposal Delivery vehicle B</td><td>40 000</td><td>(1)</td></tr><tr><td>April 1</td><td>Bank: delivery vehicle B</td><td>40 000</td><td>*(1)</td><td>2020</td><td></td><td></td><td></td></tr><tr><td></td><td></td><td></td><td></td><td>Dec 31</td><td>Balance c/d</td><td>74 000</td><td></td></tr><tr><td>2020</td><td>Bank: delivery vehicle C</td><td>30 000</td><td>(1)</td><td></td><td></td><td></td><td></td></tr><tr><td></td><td>Disposal</td><td>8 000</td><td>(1)</td><td></td><td></td><td></td><td></td></tr><tr><td></td><td></td><td><u>114 000</u></td><td></td><td></td><td></td><td><u>114 000</u></td><td></td></tr><tr><td>2021</td><td></td><td></td><td>(1)</td><td></td><td></td><td></td><td></td></tr><tr><td>Jan 1</td><td>Balance b/d</td><td>74 000</td><td></td><td></td><td></td><td></td><td></td></tr><tr><td colspan="4">*Both</td><td></td><td></td><td></td><td></td></tr></table>	\$				\$				2018				2020				Jan 1	Bank: delivery vehicle A	36 000	*	Feb 1	Disposal Delivery vehicle B	40 000	(1)	April 1	Bank: delivery vehicle B	40 000	*(1)	2020								Dec 31	Balance c/d	74 000		2020	Bank: delivery vehicle C	30 000	(1)						Disposal	8 000	(1)							<u>114 000</u>				<u>114 000</u>		2021			(1)					Jan 1	Balance b/d	74 000						*Both								5
\$				\$																																																																																						
2018				2020																																																																																						
Jan 1	Bank: delivery vehicle A	36 000	*	Feb 1	Disposal Delivery vehicle B	40 000	(1)																																																																																			
April 1	Bank: delivery vehicle B	40 000	*(1)	2020																																																																																						
				Dec 31	Balance c/d	74 000																																																																																				
2020	Bank: delivery vehicle C	30 000	(1)																																																																																							
	Disposal	8 000	(1)																																																																																							
		<u>114 000</u>				<u>114 000</u>																																																																																				
2021			(1)																																																																																							
Jan 1	Balance b/d	74 000																																																																																								
*Both																																																																																										
2(d)	Obsolescence/technological change (1) Lapse of time (1) Inadequacy (1) Depletion (1) Max 2 Accept other valid responses	2																																																																																								
3(a)	Reasons for dissolving a partnership Business is making a loss (1) Partners cannot agree (1) A partner has died/retired (1) The objectives of the partnership have been achieved (1) Legal reasons such as insanity of partner (1) Max 3 Accept other valid responses	3																																																																																								

Que stio n	Answer				Ma rks
3(b)	Realisation account				7
	\$		\$		
Motor vehicles	19 400		Discount received	270 (1)	
Furniture and equipment	11 900		Capital Xu, motor vehicle	15 100 (1)	
Inventory	7 480 (1)		Bank, trade receivables	9 880 (1)	
			(W1)		
Trade receivables	11 200		Bank, furniture and equipment	7 300	
Bank, dissolution expenses	620 (1)		Bank, inventory	6 530 (1)	
			Realisation loss: Xu	5 760 (1)OF	
			Zoe	5 760	
	<u>50 600</u>			<u>50 600</u>	
Alternative answer showing different treatment of trade payables					
	Realisation account				
	\$		\$		
Motor vehicles	19 400				
Furniture and equipment	11 900		Capital Xu, motor vehicle	15 100 (1)	
Inventory	7 480 (1)		Bank, trade receivables	9 880 (1)	
			(W1)		
Trade receivables	11 200		Bank, furniture and equipment	7 300	
Bank, dissolution expenses	620 (1)		Bank, inventory	6 530 (1)	
Bank: Trade payables	5 130 *		Trade payables	5 400 *(1)	
			Realisation loss: Xu	5 760 (1)OF	
			Zoe	5 760	
	<u>55 730</u>			<u>55 730</u>	
In the alternative version there is one mark for both entries relating to trade payables.					
W1: $(11200 - 800) \times 0.95$					

Question	Answer	Marks																		
3(c)	\$ <table> <tr> <td>Capital account balance</td><td>18 000</td><td>(1)</td></tr> <tr> <td>Current account balance</td><td>(2 480)</td><td></td></tr> <tr> <td>Loan account</td><td>4 300</td><td>(1)</td></tr> <tr> <td>Motor vehicle taken over</td><td>(15 100)</td><td>(1)</td></tr> <tr> <td>Loss on realisation</td><td><u>(5 760)</u></td><td>(1)OF</td></tr> <tr> <td>Amount due from Xu</td><td><u>(1 040)</u></td><td>(1)OF</td></tr> </table>	Capital account balance	18 000	(1)	Current account balance	(2 480)		Loan account	4 300	(1)	Motor vehicle taken over	(15 100)	(1)	Loss on realisation	<u>(5 760)</u>	(1)OF	Amount due from Xu	<u>(1 040)</u>	(1)OF	5
Capital account balance	18 000	(1)																		
Current account balance	(2 480)																			
Loan account	4 300	(1)																		
Motor vehicle taken over	(15 100)	(1)																		
Loss on realisation	<u>(5 760)</u>	(1)OF																		
Amount due from Xu	<u>(1 040)</u>	(1)OF																		

Que stio n	Answer	Ma rks																																
4(a)	Managers could be involved in setting targets/budgets for their areas of responsibility (1) resulting in possible increase in motivation (1) If managers are not involved in setting targets/budgets motivation could be reduced (1) especially if targets are seen to be unachievable/unrealistic (1) Managers' efficiency could be improved (1) as a result of having clear objectives/targets (1) However, budgetary control might prove to be restrictive (1) resulting in otherwise beneficial opportunities being rejected by managers(1) Any three points (1 + 1 for development) Accept other valid responses.	6																																
4(b)	Contribution per unit <table><tr><td></td><td>\$</td><td>\$</td><td></td></tr><tr><td>Selling price</td><td></td><td>69</td><td>(1)</td></tr><tr><td>Less Variable costs</td><td></td><td></td><td></td></tr><tr><td>Direct materials</td><td>6.60</td><td></td><td></td></tr><tr><td>Direct labour</td><td>43.16</td><td></td><td></td></tr><tr><td>Other</td><td><u>2.24</u></td><td></td><td></td></tr><tr><td></td><td></td><td><u>52</u></td><td>(1)</td></tr><tr><td>Contribution</td><td></td><td><u>17</u></td><td>(1)OF</td></tr></table>		\$	\$		Selling price		69	(1)	Less Variable costs				Direct materials	6.60			Direct labour	43.16			Other	<u>2.24</u>					<u>52</u>	(1)	Contribution		<u>17</u>	(1)OF	3
	\$	\$																																
Selling price		69	(1)																															
Less Variable costs																																		
Direct materials	6.60																																	
Direct labour	43.16																																	
Other	<u>2.24</u>																																	
		<u>52</u>	(1)																															
Contribution		<u>17</u>	(1)OF																															
4(c)	<table><tr><td></td><td>\$</td><td></td></tr><tr><td>Total contribution $24\,500 \times \\$17$</td><td>416 500</td><td>(1)</td></tr><tr><td>Less fixed costs</td><td>374 000</td><td></td></tr><tr><td>Actual profit</td><td>42 500</td><td>(1)</td></tr><tr><td>Target profit</td><td><u>50 000</u></td><td></td></tr><tr><td></td><td><u>7 500</u></td><td>(1)</td></tr></table>		\$		Total contribution $24\,500 \times \$17$	416 500	(1)	Less fixed costs	374 000		Actual profit	42 500	(1)	Target profit	<u>50 000</u>			<u>7 500</u>	(1)	3														
	\$																																	
Total contribution $24\,500 \times \$17$	416 500	(1)																																
Less fixed costs	374 000																																	
Actual profit	42 500	(1)																																
Target profit	<u>50 000</u>																																	
	<u>7 500</u>	(1)																																

Que stio n	Answer	Ma rks																								
4(d) (i)	Option A profit Maximum capacity using overtime is 28 000 units + 20%, i.e. 33 600 units Demand for Option A: 24 500 units + 40%, i.e. 34 300 units Hence 33 600 will be produced (1) Normal contribution becomes \$17 – \$3 (reduction in selling price) + 0.33 (discount on materials) = \$14.33 (1)OF Contribution in overtime = $\\$14.33 - \left(\frac{1}{4} \times \\$43.06, \text{ i.e. } 10.79\right) = \\3.54 (1)OF <table><tr><td></td><td></td><td>\$</td></tr><tr><td>Contribution from normal working</td><td>28 000 × \$14.33 (of)</td><td>401 240 (1)OF</td></tr><tr><td>Contribution in overtime</td><td>5 600 (of) × \$3.54</td><td>19 824</td></tr><tr><td></td><td></td><td>421 064 (1)OF</td></tr><tr><td>Less fixed costs</td><td></td><td><u>374 000</u></td></tr><tr><td></td><td></td><td><u>47 064</u> (1)OF</td></tr></table>			\$	Contribution from normal working	28 000 × \$14.33 (of)	401 240 (1)OF	Contribution in overtime	5 600 (of) × \$3.54	19 824			421 064 (1)OF	Less fixed costs		<u>374 000</u>			<u>47 064</u> (1)OF	6						
		\$																								
Contribution from normal working	28 000 × \$14.33 (of)	401 240 (1)OF																								
Contribution in overtime	5 600 (of) × \$3.54	19 824																								
		421 064 (1)OF																								
Less fixed costs		<u>374 000</u>																								
		<u>47 064</u> (1)OF																								
4(d) (ii)	Option B profit Change in contribution: \$17 + 0.60 (cheaper materials), i.e. \$17.60 per unit Change in fixed costs per annum: <table><tr><td></td><td>\$</td></tr><tr><td>Current fixed costs</td><td>374 000</td></tr><tr><td>Increased depreciation</td><td>4 000 (1)</td></tr><tr><td>Interest charges (8% × \$20 000)</td><td>1 600</td></tr><tr><td>Advertising campaign</td><td><u>60 000</u> (1)</td></tr><tr><td></td><td><u>439 600</u> (1)OF</td></tr></table> <table><tr><td></td><td></td><td>\$</td></tr><tr><td>Contribution from normal working</td><td>28 000 × \$17.60 (of)</td><td>492 800 (1)OF</td></tr><tr><td>Less fixed costs</td><td></td><td>439 600</td></tr><tr><td></td><td></td><td>53 200 (1)OF</td></tr></table>		\$	Current fixed costs	374 000	Increased depreciation	4 000 (1)	Interest charges (8% × \$20 000)	1 600	Advertising campaign	<u>60 000</u> (1)		<u>439 600</u> (1)OF			\$	Contribution from normal working	28 000 × \$17.60 (of)	492 800 (1)OF	Less fixed costs		439 600			53 200 (1)OF	5
	\$																									
Current fixed costs	374 000																									
Increased depreciation	4 000 (1)																									
Interest charges (8% × \$20 000)	1 600																									
Advertising campaign	<u>60 000</u> (1)																									
	<u>439 600</u> (1)OF																									
		\$																								
Contribution from normal working	28 000 × \$17.60 (of)	492 800 (1)OF																								
Less fixed costs		439 600																								
		53 200 (1)OF																								

Question	Answer	Marks
4(e)	Advice (1) Justification Reasons for choosing Option A: Will increase profits by \$4 564 (1of) on latest performance (1) Will not involve any permanent change in fixed costs (1) Not changing fixed costs will be beneficial if increased demand is not maintained (1) Will ensure factory is working to full capacity making most efficient use of existing resources (1) Will avoid applying for bank loan which will increase company's liabilities (1) Application for bank loan for Option B may be refused (1) Reasons for choosing Option B Will increase profits by the larger amount \$10 700 (1)OF on latest performance (1) Will achieve target profit for factory (1) and exceed target by \$3 200 (1) Option A does not achieve target profit ((1) and misses target by \$2 936 (1) Will avoid the use of overtime working which may not suit workforce (1) Will avoid the use of overtime working which may cause deterioration in quality of production (1) Will ensure factory is working to full capacity making most efficient use of existing resources (1) Advice (1) plus Max (6) for justification	7