# Principal examiner reports for teachers

Principal examiner reports for teachers summarise what candidates did well and what candidates needed to improve for this examination series only.

This report is to be used in conjunction with the question paper and mark scheme.

For guidance on teaching and learning we provide resources for many of our syllabuses.

| Resource | Where to find it |
|---|---|
| Grade descriptions – Grade descriptions describe the level of performance typically demonstrated by candidates achieving the different grades awarded for a qualification. | School support hub<br>Select: Subject > Resource finder > Syllabus and specimen materials |
| Schemes of work – Schemes of work are designed to support you in your teaching and lesson planning. | School support hub<br>Select: Subject > Resource finder > Teaching and learning |
| Lesson planning – Guidance on how to plan a lesson. | Lesson planning |
| Resource plus – There may be additional resources such as teaching packs containing lesson plans, resources and worksheets and videos for aspects of your syllabus. | School support hub<br>Select: Subject > Resource finder > Teaching and learning |
| Teaching tools | Teaching Tools |
| Exemplar candidate responses | School support hub<br>Select: Subject > Resource finder > Teaching and learning |
| Learner guide – A guide for students to help them understand what the course involves. | School support hub<br>Select: Subject > Resource finder > Teaching and learning |
| Community forums – Do you have a question or something to share? Our online forums are great way to keep up to date with your subject and the global Cambridge community. | Community forum on the school support hub |
| Access to scripts for this series. | Access to scripts service |
| Results analysis is available for some syllabuses. | Results analysis |
| Test maker is available for some subjects. | Test maker |

**Other services from Cambridge International Education**

- **Digital mocks service**
- **Insight assessments**
- **Professional development**
  - Focus on assessment
  - Online marking workshops



© 2026

# ACCOUNTING

**Paper 9706/11**
**AS Level Multiple Choice**

## Key messages

Candidates performed well on **Questions 1, 4, 7, 9, 10, 12, 14, 15, 16, 17, 18, 19, 21, 22, 23, 24, 25, 26, 28** and **30.**

Candidates performed less well on **Questions 2, 3, 5, 6, 8, 11, 13, 20, 27** and **29.**

Candidates should take care to read the question details carefully and in full. Some options are only partially correct, and all information needs to be considered when deciding on the correct answer. Candidates may also benefit from consolidating their knowledge of double entry when adjusting for errors.

## Comments on specific questions

### Question 2

- Option **C** was a common incorrect answer.
- Some candidates were unfamiliar with the use of the general journal. Transactions involving cash would first be recorded in the cash book as the book of prime entry.

### Question 3

- Options **B** and **D** were common incorrect answers.
- Candidates selecting these options rightly calculated the required adjustment in relation to depreciation on the incorrect treatment of the maintenance contract, although they either omitted to adjust for the expense of this contract, or deducted the amount for the full two years when recalculating profit.

### Question 5

- Option **C** was a common incorrect answer.
- This suggests that candidates did not read the question information carefully enough and hence calculated depreciation on the account balance, rather than realising that calculations needed to be performed both in respect of depreciation on assets held throughout the year, and pro rata on the assets acquired during the year.

### Question 6

- Options **A** and **C** were common incorrect answers.
- Most candidates were aware of the limitations of a trial balance. Not all candidates appreciated that the use of control accounts would not necessarily eliminate errors in the personal ledgers. It should also be noted that updating the cash book when preparing a bank reconciliation statement is a normal part of the procedure and not a limitation of the reconciliation and verification process.

### Question 8

- Option **C** was a common incorrect answer.
- Candidates did not recognise that the adjustment for irrecoverable debts had not yet been recorded and therefore would have had no impact on the trial balance totals.



© 2026

**Question 11**

- Options **B** and **C** were common incorrect answers.
- Candidates did not understand how to deal with the closing credit balance on a customer account and hence either did not consider this when reconstructing the total of the account balances or treated it as a closing debit balance.

**Question 13**

- Option **B** was a common incorrect answer.
- Candidates did not recognise that, when entries for prepaid expenses and income received in advance are entered on the wrong side of an account, the amount needs to be doubled in order to correct the error. The reduction in the allowance for irrecoverable debts was also overlooked.

**Question 20**

- Option **A** was a common incorrect answer.
- Published financial statements will only be available some time after the end of the accounting period and hence will not be useful for assessing the up-to-date position of the company.

**Question 27**

- All options were popular.
- Candidates did not understand the key difference between marginal costing and absorption costing when calculating profit. The difference will arise when there is a closing inventory of finished goods. Marginal costing will value closing inventory based on variable production costs only, whereas under absorption costing, inventory will include fixed production overheads.

**Question 29**

- Option **B** was a common incorrect answer.
- Some candidates incorrectly based their calculation on all of the variable costs. Selling and administrative costs should not be included as they do not form part of the production process.


© 2026

# ACCOUNTING

**Paper 9706/12**
**AS Level Multiple Choice**

## Key messages

Candidates performed well on **Questions 1, 2, 4, 5, 9, 10, 13, 14, 15, 16, 17, 19, 20, 21, 23, 24, 25, 26** and **30.**

Candidates performed less well on **Questions 3, 6, 7, 8, 11, 12, 18, 22, 27, 28** and **29.**

Candidates should take care to read the question details carefully and in full. All information should be considered in order to arrive at the correct answer. Additionally, candidates may benefit from refining their understanding of the double entry required when adjusting for errors.

## Comments on specific questions

### Question 3

- Option **A** was a common incorrect answer.
- Most candidates correctly identified that a trial balance containing an entry for gross profit would include a balance for closing inventory. Those who selected Option **A** did not recognise that the capital figure would not yet have been adjusted for profit for the year. Therefore, the figure in the trial balance would be for opening rather than closing capital.

### Question 6

- Option **D** was a common incorrect answer.
- Whilst candidates selecting option **D** correctly calculated the loss on disposal, they did not fully consider the question requirements, as they did not adjust for the incorrect treatment of the sales proceeds.

### Question 7

- Options **A** and **C** were common incorrect answers.
- Whilst reconciliation and verification procedures can help reduce the risk of fraud or assist in detecting fraud, the risk can never be entirely eliminated.

### Question 8

- Option **B** was a common incorrect answer.
- Candidates who chose option B correctly identified the required adjustment in respect of the sales account, although they accounted only for $9100 in relation to the returned goods. It is important to consider the overall impact of the incorrect treatment – both the sales returns and purchases returns accounts should have been credited, hence there would have been a credit entry of $18 200 in the suspense account.

### Question 11

- Option **D** was a common incorrect answer.
- This suggests that candidates did not read the question carefully enough to consider the direction of the required adjustments between the beginning and end of the period. Additionally, candidates did not distinguish between the total of the balances on the purchases ledger accounts, and the balance on the control account (which was part of the double entry system). It is important to identify the entries which would impact the control account only, and those which would affect the individual ledger accounts.


© 2026

**Question 12**

- All options were popular.
- This question tested understanding of the allowance for irrecoverable debts account. Candidates need to ensure a careful reading of the question details – the irrecoverable debts had already been written off, therefore the allowance needed to be based on the trade receivables figure at the end of the period. There was also misunderstanding about the nature of an entry when a reduction in the allowance is necessary.

**Question 18**

- Options **A** and **D** were common incorrect answers.
- Candidates correctly dealt with the treatment of the profit share and drawings, although some candidates did not include the loan interest or overlooked the nature of the opening balance on the current account.

**Question 22**

- Option **A** was a common incorrect answer.
- The formula for non-current asset turnover was not well recalled. Candidates should note the correct components and format of ratios.

**Question 27**

- Options **A** and **C** were common incorrect answers.
- This tested overall understanding of the calculation of profit using the marginal costing method and the absorption costing method. This suggests that candidates did not recognise that differences in profit between the two methods will arise only when the number of units sold and the number of units produced are not the same.

**Question 28**

- Options **B** and **C** were common incorrect answers.
- This required a careful reading of the question and an understanding that unit fixed costs would not form part of break-even analysis.

**Question 29**

- Option **C** was a common incorrect answer.
- This required an understanding of the treatment of fixed costs when there is closing inventory using marginal costing and absorption costing. Since there is closing inventory, options **C** and **D** can be discounted, as the valuation of inventory using each method would be different, hence the profit figures would also be different.


© 2026

# ACCOUNTING

**Paper 9706/13**
**AS Level Multiple Choice**

## Key messages

Candidates performed well on **Questions 1, 4, 7, 9, 10, 12, 14, 15, 16, 17, 18, 19, 21, 22, 23, 24, 25, 26, 28** and **30.**

Candidates performed less well on **Questions 2, 3, 5, 6, 8, 11, 13, 20, 27** and **29.**

Candidates should take care to read the question details carefully and in full. Some options are only partially correct, and all information needs to be considered when deciding on the correct answer. Candidates may also benefit from consolidating their knowledge of double entry when adjusting for errors.

## Comments on specific questions

### Question 2

- Option **C** was a common incorrect answer.
- Some candidates were unfamiliar with the use of the general journal. Transactions involving cash would first be recorded in the cash book as the book of prime entry.

### Question 3

- Options **B** and **D** were common incorrect answers.
- Candidates selecting these options rightly calculated the required adjustment in relation to depreciation on the incorrect treatment of the maintenance contract, although they either omitted to adjust for the expense of this contract, or deducted the amount for the full two years when recalculating profit.

### Question 5

- Option **C** was a common incorrect answer.
- This suggests that candidates did not read the question information carefully enough and hence calculated depreciation on the account balance, rather than realising that calculations needed to be performed both in respect of depreciation on assets held throughout the year, and pro rata on the assets acquired during the year.

### Question 6

- Options **A** and **C** were common incorrect answers.
- Most candidates were aware of the limitations of a trial balance. Not all candidates appreciated that the use of control accounts would not necessarily eliminate errors in the personal ledgers. It should also be noted that updating the cash book when preparing a bank reconciliation statement is a normal part of the procedure and not a limitation of the reconciliation and verification process.

### Question 8

- Option **C** was a common incorrect answer.
- Candidates did not recognise that the adjustment for irrecoverable debts had not yet been recorded and therefore would have had no impact on the trial balance totals.



© 2026

**Question 11**

- Options **B** and **C** were common incorrect answers.
- Candidates did not understand how to deal with the closing credit balance on a customer account and hence either did not consider this when reconstructing the total of the account balances or treated it as a closing debit balance.

**Question 13**

- Option **B** was a common incorrect answer.
- Candidates did not recognise that, when entries for prepaid expenses and income received in advance are entered on the wrong side of an account, the amount needs to be doubled in order to correct the error. The reduction in the allowance for irrecoverable debts was also overlooked.

**Question 20**

- Option **A** was a common incorrect answer.
- Published financial statements will only be available some time after the end of the accounting period and hence will not be useful for assessing the up-to-date position of the company.

**Question 27**

- All options were popular.
- Candidates did not understand the key difference between marginal costing and absorption costing when calculating profit. The difference will arise when there is a closing inventory of finished goods. Marginal costing will value closing inventory based on variable production costs only, whereas under absorption costing, inventory will include fixed production overheads.

**Question 29**

- Option **B** was a common incorrect answer.
- Some candidates incorrectly based their calculation on all of the variable costs. Selling and administrative costs should not be included as they do not form part of the production process.



© 2026

# ACCOUNTING

**Paper 9706/21**
**AS Fundamentals of Accounting**

## Key messages

**What candidates did well**
- The bank reconciliation statement was well answered with correct labels and calculations.
- Candidates did well with break-even analysis calculations and the limitations of break-even analysis.
- Candidates did well with the written questions particularly when advising directors giving a well-balanced answer.

**What candidates needed to improve**
- Financial statements need to use the latest accounting terminology and show supported workings where adjustments have taken place.
- Improvement is needed with ledger accounts and the labels must correlate to the other account entry.
- improve their understanding of how to deal with a limited resource to achieve optimum profit.
- Candidates should endeavour to attempt all the questions.

## Comments on specific questions

### Question 1

**(a) Comprehensive responses**
- Responses demonstrated a good understanding of the technique used to prepare a statement of profit or loss. In these responses the correct data was selected from the information provided and adjusted correctly according to the year end requirements. Any workings required were clearly displayed.

**Limited responses**
- Candidates did not display any relevant workings for their answer. This gave rise to an incorrect revenue figure because revenue had not been adjusted for goods sold on a sale-or-return basis. Many candidates omitted the adjustments required to arrive at the correct distribution costs and administrative expenses. The depreciation of motor vehicles was not adjusted for the additional capital expenditure. Furthermore, it was incorrectly allocated between distribution and administration expenses. This also led to the incorrect figure being used for motor vehicle expenses as the corresponding adjustment had not been made there.

**(b) Comprehensive responses**
- Candidates provided a well-presented extract from the statement of financial position in which entries were correctly described and the use of abbreviations was avoided in this formal financial statement. The information required was carefully selected with detailed calculations provided to support entries.

**Limited responses**
- Some responses demonstrated a limited understanding of how to calculate the correct amount to be entered for some of the entries. Calculation of retained earnings was often incorrect with no supporting working to show how the candidate arrived at their figure. Other payables and taxation were often omitted from the current liabilities. The format of the statement was sometimes in the incorrect order and some candidates did not read the question carefully and attempted to complete a full statement rather than the extract required.


© 2026

**(c)** **Comprehensive responses**

- Many candidates were able to give clear advice on both options for the business to either extend the range of goods available for sale or increase the mark-up on all goods sold by 4%. They clearly considered and stated advantages and disadvantages of both. From this they gave clear advice on which option the directors should choose.

**Limited responses**

- A number of candidates gave limited responses either just giving a bare response to each option or just commenting on one and not making a clear decision which to choose.

**Question 2**

**(a)** **Comprehensive responses**

- The cash book (bank columns) entries were made with all the labels correct and accurate entries made. The account was balanced correctly, and the balance brought down on the credit side.

**Limited responses**

- Some candidates provided incorrect entries with the wrong labels which needed to be the names of the other accounts involved and not a description of the transaction. Unpresented cheques and cash sales which had already been entered into the cash book were incorrectly entered again.

**(b)** **Comprehensive responses**

- The bank reconciliation statement clearly showed the deduction of the unpresented cheques and both the addition of the outstanding balance and the error for the insurance arriving at an overdrawn balance as per the cash book.

**Limited responses**

- Some candidates provided the correct entries, although they dealt with the overdrawn balance incorrectly by assuming it was a positive figure. Also omitting the narrative for the final line or incorrectly stating it was a bank statement balance.

**(c)** **Comprehensive responses**

- Two factors of a standing order payment were clearly and correctly identified.

**Limited responses**

- Some candidates did not attempt to answer while others did not have a clear understanding that it is for a fixed amount and at regular intervals.

**(d)** **Comprehensive responses**

- This question was answered very well. Candidates clearly identified two reasons for the need for complete and accurate financial statements and developed their answers fully.

**Limited responses**

- Some candidates misunderstood the question and stated that complete and accurate financial statements would prevent fraud and locate errors.

**Question 3**

**(a)** **Comprehensive responses**

- Many excellent responses using the correct account names with the relevant amounts in the correct debit or credit columns.

**Limited responses**

- Incorrect account names were used, that is, the name of the transaction was used in place of the account name. Amounts were entered in the incorrect column, and the debit column did not agree with the credit column.


© 2026

**(b)** **Comprehensive responses**

- Good answers were produced by candidates who either completed a suspense account correctly and arrived at a debit balance, or correctly adjusted the relevant errors to arrive at the updated suspense account balance.

**Limited responses**

- Sometimes the incorrect figures were used, for example those items that did not affect the suspense account or correct figures used but incorrectly added or subtracted.

**(c)** **Comprehensive responses**

- Candidates knew which accounts were to increase or decrease the draft profit and used brackets to signify negative amounts, arriving at the correct revised profit for the year.

**Limited responses**

- Many included items that were not relevant or did not know which items should have increased or decreased the revised profit.

**Question 4**

**(a) (i)** **Comprehensive responses**

- Most candidates correctly calculated the break-even point.

**Limited responses**

- Some did not complete the rounding up of their final figure correctly.

**(ii)** **Comprehensive responses**

- Most candidates calculated the monthly profit correctly.

**Limited responses**

- A few candidates calculated the revenue correctly without deducting the fixed costs.

**(b)** **Comprehensive responses**

- Very well done with most candidates stating three relevant limitations of break-even analysis.

**Limited responses**

- A few candidates did not have a clear idea of the limitations and gave general answers relating to time-consuming and not being accurate.

**(c)** **Comprehensive responses**

- Many candidates successfully calculated the change in the break-even point in units. A common omission was not being able to correctly calculate the increase requested in the question and stopping after recalculating the new break-even point.

**Limited responses**

- Some candidates did not round up their break-even calculation and then did not calculate the change or say it was an increase.

**(d)** **Comprehensive responses**

- Most candidates prepared a statement showing the priority order for making the products when there is a limited resource. They then prepared a statement or calculation clearly showing the total contribution for each product and deducted the fixed costs to arrive at the final figure, which was clearly labelled as profit.

**Limited responses**

- Some candidates did not understand that there was a limited resource and therefore calculated the contribution incorrectly. In addition, some used incorrect fixed costs. Both errors led to an incorrect profit figure.


© 2026

**(e)** **Comprehensive responses**

- Many candidates prepared a clear statement showing the new total contribution and deducted the revised fixed costs to arrive at a profit figure.

**Limited responses**

- Some candidates did not arrive at the correct contribution figure, although they correctly deducted the fixed costs to arrive at their own profit figure.

**(f)** **Comprehensive responses**

- Many candidates gave clear answers that included both advantages and disadvantages of each option, enabling them to make a justified recommendation.

**Limited responses**

- Some candidates merely repeated information provided in the question rather than explaining the effect of that information. Some candidates did not give advantages and disadvantages of both and just concentrated on one option. There were also occasions where a clear decision was not made.



© 2026

# ACCOUNTING

**Paper 9706/22**
**AS Fundamentals of Accounting**

## Key messages

**What candidates did well**
- Workings were included to support calculations.
- Written questions were well-answered, especially about the use of computer systems in accounting and just in time inventory control.
- The table to show the apportionment of overheads and the reapportionment of service department overheads was well answered.

**What candidates needed to improve**
- Abbreviations should not be used and the latest terminology as in the current syllabus must be used.
- Candidates need to improve their understanding of the AVCO method of inventory valuation.
- Improvement is needed with statements of financial position for limited companies. Attention needs to be paid to the order and to labels.

## Comments on specific questions

### Question 1

**(a) Comprehensive responses**
- Many candidates chose to prepare a sales ledger control account and entered relevant details to find credit sales as a missing figure. Most candidates then made an additional calculation adding cash sales to their own figure for credit sales. Sometimes the irrecoverable debts were omitted in this approach and only occasionally was the correct figure for cash discounts included.

**Limited responses**
- Some candidates were uncertain about how to treat the opening and closing figures for trade receivables and overlooked the information about cash sales as well as irrecoverable debts. Occasionally, irrecoverable debts were deducted in the calculation rather than added. Very few candidates recognised that the amount received from credit customers would have been after, rather than before, discounts allowed had been deducted.

**(b) Comprehensive responses**
- Often a summarised cash account was compiled to find the figure for stolen cash. Sometimes there was uncertainty as to how to record the increase in the cash balance.

**Limited responses**
- Many answers consisted of a string of unlabelled figures which omitted some of the key details given in the question.

**(c) Comprehensive responses**
- Step-by-step calculations of the depreciation for each period the motor vehicle had been in the business's ownership were shown. Almost always, these candidates clearly signalled that the result was a profit/gain for the business.

**Limited responses**
- Some candidates did not provide the detail required to accurately calculate the disposal value of the motor vehicle.


© 2026

**(d)** **Comprehensive responses**

- Responses demonstrated that candidates were fully aware that, when dealing with incomplete records, details for inclusion in the statement of profit or loss have to be drawn from all parts of the information supplied. Therefore, these responses included details about discounts allowed, irrecoverable debts written off, cash stolen, the profit on disposal as well as the more routine items.

**Limited responses**

- Some candidates omitted details from earlier tasks resulting in statements of profit or loss with relatively few entries. Outdated terminology, such as bad debts, or net profit should not be used. Some responses included extraneous items such as drawings or tried to include a trading section when this was a service business.

**(e)** **Comprehensive responses**

- There were many detailed responses which included a useful summary of the key advantages and disadvantages for this sole trader of using a computerised accounting system. Answers included details about how computerised accounting systems could monitor the accounts of trade receivables. Almost always a clear decision was made.

**Limited responses**

- Some responses were rather one-sided and did not cover the disadvantages of the proposal in sufficient detail or omitted a clear decision.

**Question 2**

**(a) (i)** **Comprehensive responses**

- Candidates accurately calculated the cost of sales and showed their workings.

**Limited responses**

- Some calculated the difference between opening and closing inventory. Others calculated 40 per cent rather than 60 per cent.

**(ii)** **Comprehensive responses**

- Many candidates used their answers to **2a(i)** and adjusted for the opening and closing inventories correctly.

**Limited responses**

- Candidates carried forward their answer from **2a(i)** without calculating the purchases figure. 3,200 (difference between opening and closing inventory) was deducted rather than added.

**(b)** **Comprehensive responses**

- The accurate formula was provided and accurate calculations using correct answer carried forward from **2a(ii)** × 365.

**Limited responses**

- Some candidates did not provide the correct formula and used average inventory rather than credit purchases. A minority of candidates did not round up to full amount of days which is needed when calculating trade payables turnover in days.

**(c)** **Comprehensive responses**

- The trading account was prepared with correct labels and value for revenue, gross profit and correct label and the balancing figure for cost of sales. The missing figures for purchases and closing inventory were calculated using the provided ratio information.

**Limited responses**

- Gross profit was sometimes incorrectly calculated, although cost of sales figure was then accurately calculated as the balancing figure. Cost of sales was labelled incorrectly as cost of goods sold. Closing inventory and purchases labels were accurate although very few correctly answered the values for these entries. Closing inventory was incorrectly given as $19 600. There was some confusion with values for cost of sales and gross profit reversed.


© 2026

**(d)** **Comprehensive responses**

- Most candidates identified points about reduced storage costs and cashflow, the impact on current customers and they then made a decision.

**Limited responses**

- Some candidates stated an increase rate of inventory turnover as a point with no explanation and were concerned about producing goods whereas Nala is a retailer. A minority of candidates explained what else Nala could do rather than making a decision about the question asked.

**Question 3**

**(a)** **Comprehensive responses**

- The revised profit for the year was accurately calculated with the adjustments for irrecoverable debts, depreciation and tax used appropriately.

**Limited responses**

- Most candidates treated tax correctly, although many subsequently subtracted the correction for irrecoverable debts instead of adding it or calculated the depreciation change as $8000 rather than $10 000.

**(b)** **Comprehensive responses**

- Candidates brought forward their profit from **3(a)** and then subtracted the bonus issue to arrive at updated retained earnings.

**Limited responses**

- Some candidates calculated the bonus issue incorrectly or did not bring forward their profit from **3(a).**

**(c)** **Comprehensive responses**

- A number of candidates produced a correct statement of financial position with adjustments, entries in the correct categories and with the correct order of contents. Labels were accurate and used the latest accounting terminology.

**Limited responses**

- Most candidates did not account for the depreciation for the plant and equipment correctly. The trade and other receivables did not account for the adjustment for the error concerning irrecoverable debts. Ordinary share capital was not adjusted for the bonus issue of shares. The retained earnings were the original amount rather than own figure from **3(b).** Debentures were often included in the non-current liabilities rather than the current liabilities. Taxation payable was either missing or combined with the trade and other payables when it should be a separate entry.

**Question 4**

**(a)** **Comprehensive responses**

- Most candidates answered this well and correctly apportioned the departments with clear totals of each department showing good knowledge of reapportionment.

**Limited responses**

- Some candidates were able to apportion the costs, yet did not reapportion the stores and canteen. The reapportionments were sometimes in the wrong order so the canteen ahead of the stores.

**(b)** **Comprehensive responses**

- Most candidates calculated the overhead absorption rates by correctly dividing their totals from **4(a)** by the machine or labour hours. Most did answer to 2 decimal places and clearly showed the basis used that is machine or labour hours.

**Limited responses**

- Candidates did not use the correct basis for the calculation, or did not round up correctly, or label the hours with the correct overhead absorption rate.


© 2026

**(c)** **Comprehensive responses**

- Candidates clearly identified two possible reasons that could cause overheads to be over-absorbed by comparing the actual overheads to the budgeted overheads and then the actual production to the budgeted production.

**Limited responses**

- It is important that the link is made between actual and budgeted overheads or production and not just that overheads were higher or production was more.

**(d)** **Comprehensive responses**

- Most candidates included the correct components to calculate the selling price and showed their workings throughout the calculation. This is particularly important for the overheads as the evidence needs providing.

**Limited responses**

- Some candidates omitted the overheads or made an error with the gross profit margin in order to arrive at the final selling price. Answers should be to two decimal places even if there is no specific instruction.

**(e)** **Comprehensive responses**

- Some did reference the advantages for the approach leading to future capacity and/or loyal customers with some adhering to the point of retaining the work within the factory to avoid redundancies. Most candidates discussed the disadvantages, particularly the decrease in percentage of gross profit margin and the risk of disappointing current customers.

**Limited responses**

- Candidates described the situation facing the business rather than explaining the potential advantages and disadvantages of accepting the order. Reference was made to the reduced profit margin rather than gross profit margin.

**(f)** **Comprehensive responses**

- Candidates demonstrated a good understanding of the need to recalculate costs after each inventory movement and recognised the acceptance of the method within International Accounting Standards.

**Limited responses**

- Some candidates identified the complexity of the calculation and needed to link this to an alternative method such as FIFO or LIFO.

**(g)** **Comprehensive responses**

- Most candidates answered this very well and understood what was expected of them and developed two points on the JIT system. The most common answers included reference to storage costs and not holding inventory along with potential stockouts and missing out on sales.

**Limited responses**

- Those with limited answers referred to costs of inventory alone without reference to storage. This was an explain question, so one point needed to be developed rather than merely identifying several points



© 2026

# ACCOUNTING

**Paper 9706/23**
**AS Fundamentals of Accounting**

## Key messages

**What candidates did well**
- The bank reconciliation statement was well answered with correct labels and calculations.
- Candidates did well with break-even analysis calculations and the limitations of break-even analysis.
- Candidates did well with the written questions particularly when advising directors giving a well-balanced answer.

**What candidates needed to improve**
- Financial statements need to use the latest accounting terminology and show supported workings where adjustments have taken place.
- Improvement is needed with ledger accounts and the labels must correlate to the other account entry.
- improve their understanding of how to deal with a limited resource to achieve optimum profit.
- Candidates should endeavour to attempt all the questions.

## Comments on specific questions

### Question 1

**(a) Comprehensive responses**
- Responses demonstrated a good understanding of the technique used to prepare a statement of profit or loss. In these responses the correct data was selected from the information provided and adjusted correctly according to the year end requirements. Any workings required were clearly displayed.

**Limited responses**
- Candidates did not display any relevant workings for their answer. This gave rise to an incorrect revenue figure because revenue had not been adjusted for goods sold on a sale-or-return basis. Many candidates omitted the adjustments required to arrive at the correct distribution costs and administrative expenses. The depreciation of motor vehicles was not adjusted for the additional capital expenditure. Furthermore, it was incorrectly allocated between distribution and administration expenses. This also led to the incorrect figure being used for motor vehicle expenses as the corresponding adjustment had not been made there.

**(b) Comprehensive responses**
- Candidates provided a well-presented extract from the statement of financial position in which entries were correctly described and the use of abbreviations was avoided in this formal financial statement. The information required was carefully selected with detailed calculations provided to support entries.

**Limited responses**
- Some responses demonstrated a limited understanding of how to calculate the correct amount to be entered for some of the entries. Calculation of retained earnings was often incorrect with no supporting working to show how the candidate arrived at their figure. Other payables and taxation were often omitted from the current liabilities. The format of the statement was sometimes in the incorrect order and some candidates did not read the question carefully and attempted to complete a full statement rather than the extract required.


© 2026

**(c)** **Comprehensive responses**

- Many candidates were able to give clear advice on both options for the business to either extend the range of goods available for sale or increase the mark-up on all goods sold by 4%. They clearly considered and stated advantages and disadvantages of both. From this they gave clear advice on which option the directors should choose.

**Limited responses**

- A number of candidates gave limited responses either just giving a bare response to each option or just commenting on one and not making a clear decision which to choose.

**Question 2**

**(a)** **Comprehensive responses**

- The cash book (bank columns) entries were made with all the labels correct and accurate entries made. The account was balanced correctly, and the balance brought down on the credit side.

**Limited responses**

- Some candidates provided incorrect entries with the wrong labels which needed to be the names of the other accounts involved and not a description of the transaction. Unpresented cheques and cash sales which had already been entered into the cash book were incorrectly entered again.

**(b)** **Comprehensive responses**

- The bank reconciliation statement clearly showed the deduction of the unpresented cheques and both the addition of the outstanding balance and the error for the insurance arriving at an overdrawn balance as per the cash book.

**Limited responses**

- Some candidates provided the correct entries, although they dealt with the overdrawn balance incorrectly by assuming it was a positive figure. Also omitting the narrative for the final line or incorrectly stating it was a bank statement balance.

**(c)** **Comprehensive responses**

- Two factors of a standing order payment were clearly and correctly identified.

**Limited responses**

- Some candidates did not attempt to answer while others did not have a clear understanding that it is for a fixed amount and at regular intervals.

**(d)** **Comprehensive responses**

- This question was answered very well. Candidates clearly identified two reasons for the need for complete and accurate financial statements and developed their answers fully.

**Limited responses**

- Some candidates misunderstood the question and stated that complete and accurate financial statements would prevent fraud and locate errors.

**Question 3**

**(a)** **Comprehensive responses**

- Many excellent responses using the correct account names with the relevant amounts in the correct debit or credit columns.

**Limited responses**

- Incorrect account names were used, that is, the name of the transaction was used in place of the account name. Amounts were entered in the incorrect column, and the debit column did not agree with the credit column.


© 2026

**(b)** **Comprehensive responses**

- Good answers were produced by candidates who either completed a suspense account correctly and arrived at a debit balance, or correctly adjusted the relevant errors to arrive at the updated suspense account balance.

**Limited responses**

- Sometimes the incorrect figures were used, for example those items that did not affect the suspense account or correct figures used but incorrectly added or subtracted.

**(c)** **Comprehensive responses**

- Candidates knew which accounts were to increase or decrease the draft profit and used brackets to signify negative amounts, arriving at the correct revised profit for the year.

**Limited responses**

- Many included items that were not relevant or did not know which items should have increased or decreased the revised profit.

**Question 4**

**(a) (i)** **Comprehensive responses**

- Most candidates correctly calculated the break-even point.

**Limited responses**

- Some did not complete the rounding up of their final figure correctly.

**(ii)** **Comprehensive responses**

- Most candidates calculated the monthly profit correctly.

**Limited responses**

- A few candidates calculated the revenue correctly without deducting the fixed costs.

**(b)** **Comprehensive responses**

- Very well done with most candidates stating three relevant limitations of break-even analysis.

**Limited responses**

- A few candidates did not have a clear idea of the limitations and gave general answers relating to time-consuming and not being accurate.

**(c)** **Comprehensive responses**

- Many candidates successfully calculated the change in the break-even point in units. A common omission was not being able to correctly calculate the increase requested in the question and stopping after recalculating the new break-even point.

**Limited responses**

- Some candidates did not round up their break-even calculation and then did not calculate the change or say it was an increase.

**(d)** **Comprehensive responses**

- Most candidates prepared a statement showing the priority order for making the products when there is a limited resource. They then prepared a statement or calculation clearly showing the total contribution for each product and deducted the fixed costs to arrive at the final figure, which was clearly labelled as profit.

**Limited responses**

- Some candidates did not understand that there was a limited resource and therefore calculated the contribution incorrectly. In addition, some used incorrect fixed costs. Both errors led to an incorrect profit figure.


© 2026

**(e)** **Comprehensive responses**

- Many candidates prepared a clear statement showing the new total contribution and deducted the revised fixed costs to arrive at a profit figure.

**Limited responses**

- Some candidates did not arrive at the correct contribution figure, although they correctly deducted the fixed costs to arrive at their own profit figure.

**(f)** **Comprehensive responses**

- Many candidates gave clear answers that included both advantages and disadvantages of each option, enabling them to make a justified recommendation.

**Limited responses**

- Some candidates merely repeated information provided in the question rather than explaining the effect of that information. Some candidates did not give advantages and disadvantages of both and just concentrated on one option. There were also occasions where a clear decision was not made.



© 2026

# ACCOUNTING

**Paper 9706/31**
**A Level Financial Accounting**

There were too few candidates for a meaningful report to be produced.

CAMBRIDGE
International Education

© 2026

# ACCOUNTING

**Paper 9706/32**
**A Level Financial Accounting**

## Key messages

**What candidates did well**
- Many candidates produced well-formatted financial statements.
- Calculation questions were generally well answered. Most candidates provided workings to support their answers and presented their work legibly and neatly.

**What candidates needed to improve**
- Candidates should consider the given scenarios when answering the written questions. Answers should be related to the question rather than being generic responses.
- Many candidates were unable to correctly prepare the required journal entry upon the company's acquisition of the partnership.

## Comments on specific questions

### Question 1

**(a)** **Comprehensive responses**
- Candidates stated two differences between the accounts of the entities.

**Limited responses**
- Candidates stated one difference between the accounts of the entities.

**(b)** **Comprehensive responses**
- Candidates referred to the accruals concept.
- Candidates explained the treatment of life membership in both the income and expenditure account and the statement of financial position.

**Limited responses**
- Candidates did not refer to the appropriate concept.
- Candidates correctly explained the treatment of life membership in either the income and expenditure account or the statement of financial position, but not both.

**(c)** **Comprehensive responses**
- Candidates correctly produced the café statement of profit or loss in a good format

**Limited responses**
- Some candidates produced the statement in a good format, although the mark-up was not applied correctly. Others were unable to derive the opening inventory correctly.

**(d)** **Comprehensive responses**
- Candidates produced an income and expenditure account which included correct entries for subscriptions, life membership, other income and all relevant expenditure items.
- Candidates produced an account which was presented in the correct format.

**Limited responses**
- Some candidates were unable to account correctly for the life membership and/or omitted the profit made from the sale of the equipment.
- Candidates were unable to label the bottom line correctly.


© 2026

**(e) Comprehensive responses**

- Candidates accounted correctly for the accumulated fund, non-current liabilities and current liabilities. The opening accumulated fund balance on 1 January 2025 was entered correctly, and the surplus was added. All liabilities were categorised and entered correctly with appropriate labels.

**Limited responses**

- Candidates omitted entries in the calculation of the opening balance of the accumulated fund.
- Some candidates were unable to label the sections within the extract.

**Question 2**

**(a) Comprehensive responses**

- Candidates stated two uses of a statement of cash flows.

**Limited responses**

- Candidates stated a use of a statement of cash flows.

**(b) Comprehensive responses**

- Candidates prepared a statement of cash flows fully in accordance with IAS 7.
- Candidates provided all entries in the correct sections of the statement and there were no or very few errors or omissions.

**Limited responses**

- Candidates prepared a statement of cash flows with most entries being in the correct section.
- Some candidates were unable to deduce the tax paid and interest paid. Others did not account correctly for the dividends paid.
- Despite being given the opening and closing cash and cash equivalents balances, some candidates did not deduce the correct increase in cash and cash equivalents.

**(c) Comprehensive responses**

- Candidates provided a decision advising an option along with two appropriate comments relating to each option.

**Limited responses**

- Candidates provided a decision advising an option and gave one appropriate comment relating to each option.
- Some candidates were unable to give a clear decision, although nearly all provided some comments covering both options.

**Question 3**

**(a) Comprehensive responses**

- Candidates calculated the purchase consideration correctly. They also derived the goodwill and the value of the assets taken over correctly.

**Limited responses**

- Some candidates did not double the average profit when calculating goodwill. They also did not account correctly for the motor vehicle taken over and/or cash at bank.

**(b) (i) Comprehensive responses**

- Candidates calculated the capital of Andy and Ben correctly.

**Limited responses**

- Some candidates omitted from the calculation the trade payables and/or the balances of the current accounts.


© 2026

**(ii) Comprehensive responses**

- Candidates calculated the profit on realisation and split the amount between the partners in the correct profit-sharing ratio.

**Limited responses**

- Candidates derived a profit for each partner yet omitted the discount received and in some cases the value of motor vehicle A.

**(iii) Comprehensive responses**

- Candidates prepared the capital accounts of the partners and showed the final Bank figure.

**Limited responses**

- Some candidates omitted the opening balances and/or the profits on realisation.

**(c) Comprehensive responses**

- Candidates prepared a journal entry showing the assets taken over, goodwill, share capital and share premium.

**Limited responses**

- Candidates were unable to account correctly for the share premium.
- Some candidates omitted the goodwill.

**(d) Comprehensive responses**

- Candidates provided a decision which was supported by two appropriate comments for and against the acceptance of Calvin's request.

**Limited responses**

- Candidates provided a decision which was supported by an appropriate comment for and against the acceptance of Calvin's request.



© 2026

# ACCOUNTING

**Paper 9706/33**
**A Level Financial Accounting**

## Key messages

**What candidates did well**
- Many candidates demonstrated their ability to produce manufacturing accounts in good format.
- Calculation questions were generally well answered.

**What candidates needed to improve**
- Candidates should give their answers to two decimal places within calculation questions where this is a requirement.
- Written questions are generally not answered as well as the numerical questions.

## Comments on specific questions

### Question 1

**(a) Comprehensive responses**
- Candidates prepared a manufacturing account in good format with all entries in the correct section and ending with the transfer price of completed goods.

**Limited responses**
- Candidates prepared a manufacturing account using the correct layout which contained some errors and omissions.
- Some candidates omitted the royalty expenses and some did not deduce that the rate of factory profit was 30%.

**(b) Comprehensive responses**
- Candidates accounted correctly for the transfer of the manufactured goods and added the factory profit.
- Candidates deducted all expenses and derived the profit for the year in the statement of profit or loss.

**Limited responses**
- Some candidates prepared a statement of profit or loss which did not account correctly for the increase in the provision for unrealised profit.
- Some candidates did not add the factory profit to the gross profit.

**(c) Comprehensive responses**
- Many candidates explained the accounting concept and applied it to the scenario.

**Limited responses**
- Some candidates stated the concept without development and did not consider the treatment of the unrealised profit in the statement of financial position.

**(d) Comprehensive responses**
- Candidates provided a decision and at least three valid points as to whether the annual review of the rate of factory profit should be discontinued.

**Limited responses**
- Candidates provided a decision and up to two valid points as to whether the annual review of the rate of factory profit should be discontinued.


© 2026

**Question 2**

**(a) (i) Comprehensive responses**

- Many candidates stated the formula correctly.

**Limited responses**

- Some candidates did not state the correct formula, invariably reversing the carrying value and revenue.

**(ii) Comprehensive responses**

- Many candidates explained the usefulness referring to the efficiency of the non-current assets along with the value of the ratio.

**Limited responses**

- Some candidates stated that the efficiency of the non-current assets was indicated without referring to the numerical value of the ratio.

**(b) Comprehensive responses**

- Candidates calculated the value of total net assets correctly.

**Limited responses**

- Some candidates attempted the calculation of the total net assets, although they omitted the cash at bank and did not include both of the 8% bank loans.

**(c) Comprehensive responses**

- Candidates calculated the retained earnings at the end of the year correctly.

**Limited responses**

- Some candidates began their calculation with the ordinary shares balance and did not use the closing equity balance which had been calculated to derive the value of the closing retained earnings.

**(d) (i)–(iii) Comprehensive responses**

- Candidates calculated earnings per share, price earnings ratio and the return on capital employed correctly providing the answers to two decimal places.

**Limited responses**

- Some candidates calculated one or two ratios correctly, although they were unable to give their answers to the required two decimal places.

**(e) Comprehensive responses**

- Candidates correctly calculated the gearing ratio for both years, providing both to two decimal places.

**Limited responses**

- Some candidates calculated the 2025 ratio correctly to two decimal places, although they were unable to account for the second bank loan taken on 1 October 2025.

**(f) Comprehensive responses**

- Candidates provided a decision which was supported by at least three appropriate comments with regard to taking another bank loan.

**Limited responses**

- Candidates were unable to provide decision which was supported by one or two appropriate comments with regard to taking another bank loan.



© 2026

**Question 3**

**(a)** **Comprehensive responses**

- Candidates stated three fundamental principles of ethics.

**Limited responses**

- Candidates stated one or two fundamental principles of ethics.

**(b) (i)** **Comprehensive responses**

- Many candidates identified the relevant standard, explained the reason for impairment and calculated the impairment loss.

**Limited responses**

- Some candidates identified the relevant standard and stated without development that impairment had occurred.

**(b) (ii)** **Comprehensive responses**

- Candidates identified the relevant standard and explained concisely the treatment of the training cost.

**Limited responses**

- Candidates identified the relevant standard and gave a superficial explanation that were unable to explain that the training cost should not be recorded in the statement of financial position.

**(c)** **Comprehensive responses**

- A few candidates prepared a balanced statement of financial position which accounted for all the necessary adjustments.

**Limited responses**

- Some candidates did not make all the inventory adjustments, and some did not account for the revaluation reserve and did not make the necessary adjustments to the retained earnings.



© 2026

# ACCOUNTING

**Paper 9706/41**

**A Level Cost and Management Accounting**

There were too few candidates for a meaningful report to be produced.

CAMBRIDGE
International Education

© 2026

# ACCOUNTING

**Paper 9706/42**

**A Level Cost and Management Accounting**

## Key messages

**What candidates did well**
- Many candidates produced an excellent cash budget.
- The calculation of production overheads using activity based costing (ABC) was done well.

**What candidates needed to improve**
- Candidates need to improve their preparation of a purchases budget.
- Candidates need to improve their evaluative skills in the written questions.

## Comments on specific questions

### Question 1

**(a) Comprehensive responses**
- Candidates stated two disadvantages of just in time management of inventory.

**Limited responses**
- Candidates stated a disadvantage of just in time management of inventory.

**(b) Comprehensive responses**
- Candidates prepared a fully correct purchases budget for all three months.
- The budget was expressed in dollars and was fully labelled.

**Limited responses**
- Candidates prepared a purchases budget for all three months.
- Some candidates were unable to adjust the inventory to account for the increased inventory held in October.

**(c) Comprehensive responses**
- Candidates prepared a fully labelled cash budget showing all income and expenditure for each month.
- Candidates showed the opening and closing balances for each month.

**Limited responses**
- Candidates prepared a cash budget in columnar format showing income and expenditure.
- Some candidates prepared stand-alone monthly budgets. Others used the current month's purchases to derive the payment to suppliers rather than using the previous month's purchases.

**(d) Comprehensive responses**
- Candidates provided a decision advising the directors whether the advertising budget should be cut. They supported the decision with five or more appropriate points of justification.

**Limited responses**
- Candidates provided a decision advising the directors whether the advertising budget should be cut. They supported the decision with two, three or four appropriate points of justification.



© 2026

**Question 2**

**(a)** **Comprehensive responses**

- Candidates calculated correctly the unit production cost for both products using absorption costing.

**Limited responses**

- Candidates calculated the direct cost of production for both products using absorption costing.
- Candidates attempted to calculate the production overheads for each product and added the overheads to the direct cost to derive the unit production cost for both products.

**(b)** **Comprehensive responses**

- Candidates stated two advantages and two disadvantages of using activity based costing.

**Limited responses**

- Candidates stated an advantage and a disadvantage of using activity based costing.

**(c)** **Comprehensive responses**

- Candidates calculated the production overheads per unit for each product using activity based costing.
- Candidates calculated the difference between the overheads derived using activity based costing and absorption costing and stated whether the change represented an increase or a decrease.

**Limited responses**

- Candidates calculated the production overheads per unit for each product using activity based costing without correctly adding the direct costs.
- Candidates compared the total costs of one method with the production costs of the other method.

**(d)** **Comprehensive responses**

- Candidates provided a decision advising whether the proposal should be accepted. They included at least five appropriate comments to justify the decision.

**Limited responses**

- Candidates provided a decision advising whether the proposal should be accepted. They included two, three or four appropriate comments to justify the decision.



© 2026

# ACCOUNTING

**Paper 9706/43**

**A Level Cost and Management Accounting**

## Key messages

**What candidates did well**

- Many candidates were able to use activity based costing (ABC) to calculate product selling prices.
- Payback and net present value calculations were done well.

**What candidates needed to improve**

- Answers to the written questions need improvement, and where calculations are required, these should be provided.

## Comments on specific questions

**Question 1**

**(a)** **Comprehensive responses**

- Candidates explained two reasons why manufacturing businesses adopt activity based costing.

**Limited responses**

- Candidates explained one reason why manufacturing businesses adopt activity based costing.

**(b)** **Comprehensive responses**

- Candidates used activity based costing to correctly calculate the selling price of the two products.

**Limited responses**

- Candidates used activity based costing to calculate the selling price of the two products.
- A few candidates were unable to apply the 25% mark-up for Premier. Some candidates also did not convert the total cost into a per-unit cost for each product

**(c)** **Comprehensive responses**

- Candidates identified an appropriate cost driver and explained why it was appropriate.

**Limited responses**

- Candidates identified an appropriate cost driver without explaining why it was appropriate.

**(d)** **Comprehensive responses**

- Candidates provided a recommendation advising the directors whether the company should continue producing Premier if the selling price was reduced. They supported this recommendation with two relevant calculations and three or more appropriate points of justification.

**Limited responses**

- Candidates provided a decision advising the directors whether or not the company should produce Premier if the selling price was reduced along with a relevant calculation and one or two appropriate points of justification to support the decision.



© 2026

**Question 2**

**(a) (i) Comprehensive responses**

- Candidates calculated correctly the net cash inflows for the rented machine.

**Limited responses**

- Candidates attempted to calculate the net cash inflows without accounting for the rented machine's maximum capacity of 4000 units.

**(ii) Comprehensive responses**

- Candidates calculated correctly the year 1 and year 2 net cash inflows for the purchased machine.

**Limited responses**

- Candidates attempted to calculate the year 1 and year 2 net cash inflows for the purchased machine. Some omitted the year 1 training cost and/or the year 2 machine maintenance fee.

**(b) (i) Comprehensive responses**

- Candidates calculated the payback period correctly for the purchased machine in years and months.

**Limited responses**

- Candidates calculated the payback period without expressing the remaining portion of year three in months.
- Some candidates did not use their own derived cash inflows.

**(ii) Comprehensive responses**

- Candidates calculated the net present value correctly for the purchased machine.

**Limited responses**

- Candidates attempted to calculate the net present value for the purchased machine. Some did not account for the machine cost and/or did not use their own derived cash inflows for year 1 and years 2–4.

**(c) Comprehensive responses**

- Candidates stated three disadvantages of the net present value method.

**Limited responses**

- Candidates stated one or two disadvantages of the net present value method.

**(d) Comprehensive responses**

- Candidates provided a recommendation advising the directors whether they should purchase the machine. They supported this recommendation with two relevant calculations and at least three additional justification points.

**Limited responses**

- Candidates provided a recommendation advising the directors whether they should purchase the machine. They supported this recommendation with a relevant calculation and one or two additional justification points.



© 2026