



Cambridge International AS & A Level

CANDIDATE NAME



CENTRE NUMBER

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CANDIDATE NUMBER

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ACCOUNTING

9706/32

Paper 3 Financial Accounting

October/November 2024

1 hour 30 minutes

You must answer on the question paper.

You will need: Insert (enclosed)

INSTRUCTIONS

- Answer **all** questions.
- Use a black or dark blue pen.
- Write your name, centre number and candidate number in the boxes at the top of the page.
- Write your answer to each question in the space provided.
- Do **not** use an erasable pen or correction fluid.
- Do **not** write on any bar codes.
- You may use an HB pencil for any diagrams, graphs or rough working.
- You may use a calculator.
- International accounting terms and formats should be used as appropriate.
- You should show your workings.

INFORMATION

- The total mark for this paper is 75.
- The number of marks for each question or part question is shown in brackets [].
- The insert contains all of the sources referred to in the questions.

This document has **12** pages. Any blank pages are indicated.





(b) Suggest why the depreciation correctly charged on factory machinery is only \$23 600 when the depreciation is calculated at 10% per annum on cost.

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..... [2]

Additional information

It is expected that there will be a shortage of suitably skilled labour during the year ending 30 September 2025. This would cause the company’s direct labour cost to increase by 20%. The buy-in cost of the product would increase by 10%.

(c) Calculate, to **two** decimal places, the rate of factory profit which the company will apply in the year ending 30 September 2025.

The transfer price is to remain equivalent to the buy-in price. Assume that production volumes and production costs, other than direct labour, will be unchanged.

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Additional information

The company has never provided depreciation on the premises. One of the directors has suggested that this causes the calculation of factory profit to be flawed.

- (d)** Advise the directors whether or not depreciation of premises should be included when calculating factory profit. Justify your answer.

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2 Read Source B in the insert.

- (a) Calculate the correct division of profit between the two periods. Assume that revenue and **other expenses** accrued evenly throughout the year.

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Additional information

Goodwill on 1 July 2023 was valued at \$114 000 and was **not** retained in the books of account.

- (b) Prepare:

- (i) corrected capital accounts for the year

Capital accounts

| | Amina \$ | Belinda \$ | Nigel \$ | | Amina \$ | Belinda \$ | Nigel \$ |
|--|-------------|---------------|-------------|--|-------------|---------------|-------------|
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(ii) corrected current accounts for the year.

Current accounts

| | Amina \$ | Belinda \$ | Nigel \$ | | Amina \$ | Belinda \$ | Nigel \$ |
|--|-------------|---------------|-------------|--|-------------|---------------|-------------|
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Workings:

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Additional information

Pyotr has been the partnership’s accountant since it was originally started. However, since noticing his errors Amina is now wondering if the partnership should appoint a new accountant. She has also discovered that Nigel’s wife is Pyotr’s sister.

(c) Advise the partners whether or not they should appoint a new accountant. Justify your answer.

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3 Read Source C in the insert.

(a) Calculate for X plc the required year-end balances and the required ratios to **two** decimal places for **each** year, 2022 and 2023. Use the space provided on **page 11** to show your workings.

| | 2022 | 2023 |
|------------------------------|------|------|
| ordinary share capital (\$) | | |
| share premium (\$) | | |
| retained earnings (\$) | | |
| non-current liabilities (\$) | | |
| gearing ratio | | |
| earnings per share (\$) | | |
| dividend per share (\$) | | |
| price earnings ratio | | |

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Workings:

| | 2022 | 2023 |
|------------------------------|------|------|
| ordinary share capital (\$) | | |
| share premium (\$) | | |
| retained earnings (\$) | | |
| non-current liabilities (\$) | | |
| gearing ratio | | |
| earnings per share (\$) | | |
| dividend per share (\$) | | |
| price earnings ratio | | |

[14]



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