



Cambridge International AS & A Level

ACCOUNTING

9706/31

Paper 3 Financial Accounting

May/June 2025

INSERT

1 hour 30 minutes



INFORMATION

- This insert contains all of the sources referred to in the questions.
- You may annotate this insert and use the blank spaces for planning. **Do not write your answers** on the insert.

This document has **8** pages. Any blank pages are indicated.

Source A for Question 1

Tophill Social Club, located in the small town of Tophill, provides social activities to its members. Selected balances are shown as follows:

| | At 31 December | |
|-----------------------------------|----------------|--------|
| | 2024 | 2023 |
| | \$ | \$ |
| Club equipment – carrying value | 38 800 | 37 600 |
| Soft drinks inventory | 1 900 | 1 680 |
| Subscriptions received in advance | 1 200 | 1 900 |
| Subscriptions in arrears | 2 800 | 2 200 |
| Soft drinks' suppliers payable | 6 500 | 7 300 |
| Club expenses accrued | 5 400 | 8 800 |

The treasurer of the club also produced the following receipts and payments account for the year ended 31 December 2024.

| | \$ | | \$ |
|---------------------------------|----------------|--------------------------|----------------|
| Balance b/d | 26 800 | Purchase of equipment | 14 400 |
| Subscriptions | 124 000 | Suppliers of soft drinks | 20 800 |
| Life membership fees | 8 000 | Vending machine rental | 10 400 |
| Proceeds from sale of equipment | 3 150 | Club expenses | 69 300 |
| Sales of soft drinks | 36 000 | Social activities | 41 000 |
| | <u>197 950</u> | Balance c/d | <u>42 050</u> |
| | <u>197 950</u> | | <u>197 950</u> |

Further information is also available.

- 1 The club started receiving life membership fees on 1 January 2023. It is the club's policy to spread these fees over ten years equally. Life membership fees, \$500, were included in the 2023 income and expenditure account.
- 2 Club equipment, with a carrying value of \$3500, was sold in 2024.
- 3 The club operates a vending machine selling soft drinks. Renting the vending machine at a monthly charge of \$800 is the only expense of operating the vending machine.
- 4 A deposit of \$4700 had been paid for a social activity to be held in March 2025.

Source B for Question 2

The equity of TN plc at 1 January 2024 was as follows:

| | \$ |
|-------------------------------------|---------|
| Ordinary share capital (\$2 shares) | 400 000 |
| Share premium | 23 000 |
| Retained earnings | 199 000 |
| | <hr/> |
| | 622 000 |

The following information relating to the year ended 31 December 2024 is available.

- 1 On 15 March, a final dividend for 2023 of \$0.35 per share was paid.
- 2 The ordinary share capital has remained constant for the previous three years. On 16 March, a bonus issue of ordinary shares was made on the basis of one share for every ten shares held. It is company policy to keep its reserves in the most flexible form.
- 3 TN plc issued a 6% debenture (2028) of \$300 000 on 1 January 2022. The company issued another 6% debenture (2030) of \$400 000 on 1 April 2024.
- 4 On 1 May, an interim dividend of \$0.16 per share was paid on all shares in issue on that date.
- 5 Profit for the year amounted to \$180 400.

Source C for Question 3

The directors of KM plc provided the following financial information.

1 Non-current assets:

| | At 31 December | |
|-----------------------------|----------------|---------|
| | 2024 | 2023 |
| | \$ | \$ |
| Cost/valuation: | | |
| Office buildings | 670 000 | 580 000 |
| Office equipment | 154 000 | 124 000 |
| Provision for depreciation: | | |
| Office buildings | 70 800 | 44 000 |
| Office equipment | 96 400 | 82 000 |

One of the office buildings purchased in 2021 was revalued on 31 December 2023 at \$360 000, giving rise to a revaluation surplus of \$52 000. It was sold in May 2024 for \$375 000. A new office building was purchased in the following month. A full year's depreciation is provided in the year of purchase and none in the year of disposal.

New office equipment was purchased in November 2024 for \$30 000. The amount was payable in three equal instalments at an interval of three months. The first payment was made on 1 December 2024.

2 Changes during 2024 in some items were as follows:

| | \$ | |
|-----------------------|--------|-----------|
| Inventory | 9 400 | Decreased |
| Trade receivables | 12 700 | Increased |
| Trade payables | 12 000 | Increased |
| Loan interest payable | 550 | Decreased |

3 The cash at bank balance at 31 December 2023 was \$25 600.

Loan interest charged to the statement of profit or loss for 2024 was \$8 900.

Dividends of \$114 000 were paid in 2024.

4 Equity and non-current liabilities:

| | At 31 December | |
|------------------------------------|----------------|---------|
| | 2024 | 2023 |
| | \$ | \$ |
| Ordinary share capital (\$1 share) | 400 000 | 350 000 |
| Share premium | 35 000 | 25 000 |
| General reserve | 41 000 | 33 000 |
| Revaluation reserve | – | 52 000 |
| Retained earnings | 223 050 | 205 900 |
| Total equity | 699 050 | 665 900 |
| Non-current liabilities: | | |
| Bank loan | 25 000 | 40 000 |

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