



Cambridge International AS & A Level

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ACCOUNTING

9706/31

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 **16** pages. Any blank pages are indicated.

[8]



- (b) Prepare appropriation accounts for **both** the six months ended 30 June 2023 and the six months ended 31 December 2023.

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Workings:





- (c) Calculate, to **two** decimal places, the profit margin of the partnership for the six months ended 31 December 2023.

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..... [1]

Additional information

Harry is also a shareholder in a large company in a different industry. When he looked at the financial statements of the company, he found that it had a higher profit margin than the partnership. He also saw that it had a qualified audit report.

- (d) Discuss whether Harry should be comparing the profit margin of the company with that of the partnership.

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..... [3]

[Total: 25]

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2 Read Source B in the insert.

(a) Calculate at 31 December **2022**:

(i) the accumulated depreciation on Machine A

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..... [1]

(ii) the carrying value of Machine B

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(iii) the original cost of Machine B.

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..... [1]

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Workings:



Additional information

The directors use ratio analysis to assess performance.

- (c) Name the efficiency ratio which would be affected by the outcome of the impairment review.

..... [1]

Additional information

- 1 Revenue for the year ended 31 December 2023 was \$322 500.

- 2 Assets and liabilities included the following:

	At 31 December	
	2023	2022
	\$	\$
Inventory	112 000	76 000
Trade receivables	48 000	56 000
Trade payables	31 000	29 000

- 3 The directors calculate ratios using year-end balances. They are now considering using average figures in future.

- (d) Calculate the net working assets to revenue ratio for 31 December **2023** using year-end balances.

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 [2]

- (e) Assess the effect the change in formula would have on:

- (i) the company's net working assets to revenue ratio (calculations are **not** required)

.....

 [2]



[2]

[5]

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3 Read Source C in the insert.

(a) Explain **one** reason why the rate of factory profit had changed between 2022 and 2023.

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..... [2]

(b) Prepare a corrected provision for unrealised profit account for the year ended 31 December 2023.

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[8]

[8]



(d) Advise the directors whether or not the balance on the retained earnings account is too low as a result of paying excessive dividends. Justify your answer.

[5]

[Total: 25]





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