Cambridge Assessment International Education

Cambridge International AS & A Level

CANDIDATE NAME

CENTRE NUMBER | | | | | |

CANDIDATE NUMBER | | | | |

6576652054

ACCOUNTING **9706/32**

Paper 3 Financial Accounting **May/June 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.

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1 Read Source A in the insert.

(a) State **two** differences between a receipts and payments account and an income and expenditure account.

	Receipts and payments account	Income and expenditure account
1	.....	.....
	.....	.....
	.....	.....
	.....	.....
	.....	.....
	.....	.....
2	.....	.....
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[4]

(b) Prepare the café's statement of profit or loss for the year ended 31 December 2023, showing the value of stolen cash in the expenses section.

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Workings:

[10]

(c) Prepare the Club's income and expenditure account for the year ended 31 December 2023.

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Workings:

[6]

Additional information

The committee members want to improve the security of the club. They have two options.

Option 1 Installing a security system at a cost of $120 000, followed by an annual maintenance fee of $1000.

Option 2 Recruiting a daytime security guard at an annual salary of $30 000.

(d) Advise the committee members which is the better option. Justify your answer.

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..... [5]

[Total: 25]

2 Read Source B in the insert.

(a) Explain how to correct the errors made by the accounts clerk in relation to depreciation on buildings and valuation of inventory. Support your answer with calculations and with reference to the relevant international accounting standards.

Use the space provided to show your workings.

(i) depreciation on buildings

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Workings:

[6]

(ii) valuation of inventory

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Workings:

[8]

(b) Prepare the corrected statement of changes in equity for the year ended 31 December 2023. A total column is **not** required.

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(c) Prepare the corrected statement of financial position at 31 December 2023.

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[Total: 25]

3 Read Source C in the insert.

(a) Explain **three** benefits of a merger.

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[6]

(b) Complete the following statement to calculate the capital account balance of **each** partner in the new partnership at 1 January 2023.

	Ray $	Steve $	Tina $
Balance at 31 December 2022	198 000	177 000	186 000
Balance at 1 January 2023			

Workings:

[10]

(c) Prepare the statement of financial position of the new partnership at 1 January 2023.

.... [4]

Additional information

The profit of the new partnership for the year ended 31 December 2023 was $150 000.

(d) Discuss whether or not Tina has made the right decision to merge her business with Ray and Steve's business. Justify your answer.

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..... [5]

[Total: 25]

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