Cambridge Assessment International Education

Cambridge International AS & A Level

ACCOUNTING **9706/31**

Paper 3 Financial Accounting **May/June 2025**

INSERT **1 hour 30 minutes**

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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.

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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
		Balance c/d	42 050
	197 950		197 950

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.

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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
	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.

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Source C for Question 3

The directors of KM plc provided the following financial information.

1 Non-current assets:

	At 31 December 2024 $	At 31 December 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 $	At 31 December 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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