* 0000800000001 *

Cambridge Assessment International Education

Cambridge International AS & A Level

CANDIDATE NAME

CENTRE NUMBER

CANDIDATE NUMBER

* 9 0 6 5 4 3 0 9 5 9 *

ACCOUNTING **9706/33**

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

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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[Turn over

1 Read Source A in the insert.

(a) Explain why the club adopts the policy of spreading life membership fees over ten years equally.

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(b) Calculate the profit/loss from operating the vending machine for the year ended 31 December 2024.

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(c) Prepare the income and expenditure account for the year ended 31 December 2024.

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(d) Prepare a statement showing the changes in the accumulated fund during the year ended 31 December 2024.

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Additional information

The tenancy of the club's premises will end on 31 December 2025. The landlord has indicated that the tenancy will not be renewed. The managing committee is considering purchasing the club's own premises at a cost of $200 000. Meena, a member, offers to donate this amount with the condition that the name of the club will be changed to The Meena Social Club.

(e) Advise the managing committee whether or not Meena's offer should be accepted. Justify your answer.

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2 Read Source B in the insert.

(a) Prepare the statement of changes in equity for the year ended 31 December 2024. A total column **is** required.

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(b) Calculate, to **two** decimal places, the return on capital employed for the year 2024.

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(c) (i) Calculate, to **two** decimal places, the gearing ratio for **both** the years 2023 and 2024.

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(ii) Comment on the gearing ratio with reference to the calculations in **(c)(i)**.

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Additional information

The 2023 interim dividend was $0.05 per share. TN plc had a dividend cover of 1.8 times in 2023. In considering the proposed 2024 final dividend, the directors suggest that the dividend cover for 2024 should be increased to 2 times.

(d) (i) Calculate the proposed 2024 final dividend per share.

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(ii) Explain why the directors want to increase the dividend cover for 2024.

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Additional information

The market price of one share of TN plc at 31 December was as follows:

2024	2023
$4.65	$3.72

(e) Comment on the company's 2024 price/earnings (PE) ratio as compared to the company's PE ratio in 2023. Support your answer with calculations.

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3 Read Source C in the insert.

(a) State **four** uses of a statement of cash flows.

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(b) Calculate the profit from operations for the year ended 31 December 2024.

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(c) Prepare the statement of cash flows for the year ended 31 December 2024 in accordance with IAS 7.

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Workings:

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Additional information

To improve the cash flow, the directors plan to sell one of the office buildings and then rent it from the purchaser.

(d) Advise the directors whether or not they should carry out their plan. Justify your answer.

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