Cambridge Assessment International Education

Cambridge International AS & A Level

CANDIDATE NAME

CENTRE NUMBER

CANDIDATE NUMBER

6117567002

ACCOUNTING **9706/33**

Paper 3 Financial Accounting **October/November 2023**

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 **12** pages. Any blank pages are indicated.

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1 Read Source A in the insert.

(a) Complete the following table by calculating the required values for each category of property, plant and equipment at 30 June **2022**. Use the space provided to show your workings.

	Cost $	Accumulated depreciation $	Carrying value $
Premises			
Machinery			
Motor vehicles			
Total			620 000

Workings:

Premises
Machinery
Motor vehicles

[9]

(b) Prepare the schedule of non-current assets to use as a note to the financial statements for the year ended 30 June **2023**. Use the space provided for workings on **page 4** to show your workings.

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Workings:

[14]

Additional information

K plc's accountant had faced additional challenges in preparing the financial statements for the year ended 30 June 2023. Some of the ledger accounts for the non-current assets had been accidentally deleted from the computerised accounting system by a junior member of staff.

(c) State **one** implication of this for **each** of:

(i) the directors

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..... [1]

(ii) the auditors.

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..... [1]

[Total: 25]

2 Read Source B in the insert.

(a) Calculate:

(i) the profit from the sale of refreshments for the year ended 31 December 2022

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..... [4]

(ii) the value of life membership fees to be included in the income and expenditure account for the year ended 31 December 2022.

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..... [1]

(b) Prepare the subscriptions account for the year ended 31 December 2022.

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Additional information

The deficit for the year was calculated as $1540.

The managing committee was concerned about the financial performance of the club.

(c) Discuss the effect the following suggestions might have on **both** the bank overdraft and the deficit.

(i) Reducing the level of inventory held

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(ii) Encouraging more members to become life members

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(d) Suggest **two** other ways in which the financial performance of the club could be improved.

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[2]

Additional information

The treasurer, Sabrina, has only held that position since 1 January 2022, when the previous treasurer, Joe, left the area. There were rumours that Joe had left taking some of the club's money with him.

Sabrina is now suggesting that the club's financial statements for the year ended 31 December 2022 should be audited.

(e) Advise the managing committee whether or not the financial statements should be audited. Justify your answer.

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..... [5]

[Total: 25]

3 Read Source C in the insert.

(a) Explain:

(i) what is measured by the working capital cycle. The formula is **not** required.

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(ii) why a retail business is likely to have a shorter working capital cycle than a manufacturing business.

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(b) Calculate the working capital cycle for HT Limited using the forecast information. Assume a year of 365 days.

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(c) Calculate to **one** decimal place the net working assets to revenue ratio using the forecast information. Use the closing inventory value.

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Additional information

The directors are concerned that the working capital cycle is too long. They believe that if they improve the credit control procedures of the business immediately then the value of trade receivables on 31 December 2024 could be considerably lower than in the forecast information. Sales would be unaffected.

(d) Calculate the **reduction** in the value of trade receivables on 31 December 2024 which would cause the working capital cycle to fall by eight days.

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(e) Explain how this reduction would affect the net working assets to revenue ratio. No calculations are required.

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..... [2]

Additional information

The directors want to reduce the working capital cycle and the net working assets to revenue (sales) ratio each year for several years to come.

(f) Advise the directors whether or not they should try to reduce these ratios each year. Justify your answer.

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[Total: 25]

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