



Cambridge International AS & A Level

CANDIDATE
NAME

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CENTRE
NUMBER

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CANDIDATE
NUMBER

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ACCOUNTING

9706/33

Paper 3 Structured Questions

October/November 2022

3 hours

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 150.
- The number of marks for each question or part question is shown in brackets [].
- The insert contains all of the required information and questions.

This document has **20** pages. Any blank pages are indicated.

Section A: Financial Accounting

Answer **all** questions.

1 Read Source A1 in the insert.

(a) Prepare the **correct**:

(i) income and expenditure account

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Workings:

2 Read Source A2 in the insert.

(a) State when an intangible asset can be recognised in accordance with IAS 38.

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..... [2]

Additional information

All three companies had ordinary share capital of \$400 000. It is the policy of the companies to charge a full year's amortisation (depreciation) on any intangible asset.

Information relating to one ordinary share was as follows:

	Par value	Market price
	\$	\$
AB plc	1.00	1.20
CD plc	0.50	1.08
EF plc	0.80	2.35

(b) Calculate for **each** company:

(i) the earnings per share to the nearest **whole cent**

	Workings	Earnings per share
AB plc		
CD plc		
EF plc		

[10]

(ii) the price earnings ratio to **two** decimal places.

	Price earnings ratio
AB plc	
CD plc	
EF plc	

[3]

Additional information

Simon is considering investing in one of the three companies.

(c) Name **two** other ratios of these companies which Simon might wish to consider.

1

2

[2]

3 Read Source A3 in the insert.

(a) Suggest **two** reasons why the merger made possible the savings in administrative expenses.

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[2]

(b) Prepare the forecast income statement for the partnership for the year ending 30 June 2023.

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[8]

Additional information

The partners expect that in the year ending 30 June 2023 they will make drawings as follows:

	\$
Alan	19 800
Doreen	17 200

The partners decided to maintain fluctuating capital accounts.

(c) Prepare the partners' forecast capital accounts for the year ending 30 June 2023.

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Workings:

[10]

(d) State **two** advantages of a partnership maintaining fixed capital accounts and current accounts.

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[2]

(e) Advise Doreen whether or not merging her business with Alan's business is a good strategy. Justify your answer.

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..... [3]

[Total: 25]

PLEASE TURN OVER

4 Read Source A4 in the insert.

(a) State **three** reasons why a business prepares a statement of cash flows.

- 1
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- 2
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- 3
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[3]

(b) Prepare the statement of cash flows for XY plc for the year ended 31 December 2021 in accordance with IAS 7. Use the space provided to show your workings.

Workings:

Section B: Cost and Management Accounting

Answer **all** questions.

5 Read Source B1 in the insert.

(a) Calculate, for month 2, the following:

(i) sales volume variance

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..... [2]

(ii) material price variance

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..... [2]

(iii) material usage variance

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(iv) labour rate variance

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..... [2]

(v) labour efficiency variance.

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..... [2]

(b) Discuss the change between month 1 and month 2 for **each** of the following variances. Suggest **one** reason for the change.

(i) material price variance

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..... [2]

(ii) material usage variance

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..... [2]

(iii) labour rate variance

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..... [2]

(iv) labour efficiency variance

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..... [2]

6 Read Source B2 in the insert.

(a) State the term used to describe the factor which causes a change in the cost of an activity.

..... [1]

(b) Complete the table to calculate the **total** profit made in the month by **each** of Product A and Product B. Apportion the administration and distribution costs on the basis of the number of units sold.

	Product A \$	Product B \$
Sales value		
Direct material		
Direct labour		
Machine set-ups		
Quality inspections		
Administration and distribution		
Profit		

Workings:

[11]

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