

# Cambridge International AS & A Level

CANDIDATE NAME				
CENTRE NUMBER		CANDIDATE NUMBER		

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.

## **Section A: Financial Accounting**

Answer all questions.

1 Read	<b>Source</b>	A1 in	the	insert.	
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(a)	Pre	pare the <b>correct</b> :
	(i)	income and expenditure account
		Workings:

(ii)	statement of financial position, clearly disclosing the surplus or deficit for the year.
	[7]

(b)	Advise the managing committee whether or not they should introduce a policy of cancelling the membership of members whose subscriptions are overdue by more than one month. Justify your answer.
	[3]
Add	litional information
Son	ne clubs offer life membership.
(c)	Outline the method of accounting for life membership subscriptions and state the accounting concept which is being applied.
	Method:
	Accounting concept:

[Total: 25]

2	Poad	Source	A2 in	tho	incort
	REAU	SOURCE		me	mseri

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

#### **Additional information**

All three companies had ordinary share capital of \$400000. 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
	Workings

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

	Price earnings ratio	
AB plc		
CD plc		
EF plc		
al information	vesting in one of the three companies.	[3]
considering in	results in one of the timee companies.	

Additiona

Simon is

(c)	Name <b>two</b>	other rati	os of these	companies	which Simon	might wish to	consider.
-----	-----------------	------------	-------------	-----------	-------------	---------------	-----------

1	
2	
	[2]

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(d)	Advise Simon which company he should invest in. Justify your answer.
	[4]
Add	litional information
	directors' report of AB plc stated that the development costs had enabled the company to stically reduce its greenhouse gas emissions.
(e)	Explain how this information might affect potential investors.
	[2]
(f)	State <b>two</b> other matters which might be covered in the directors' report of AB plc.
( )	1
	2
	<u></u>

3 Read Source A3 in the	ınsert
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(a)	Suggest <b>two</b> reasons why the merger made possible the savings in administrative expenses.
	1
	2
	[2]
(b)	Prepare the forecast income statement for the partnership for the year ending 30 June 2023.

### **Additional information**

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

\$ Alan 19800 Doreen 17200

The partners decided to maintain fluctuating capital accounts.

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

(d)	State <b>two</b> advantages of a partnership maintaining fixed capital accounts and current accounts.
	1
	2
	[2]
(e)	Advise Doreen whether or not merging her business with Alan's business is a good strategy. Justify your answer.
	[3]
	[Total: 25]

**PLEASE TURN OVER** 

3		· <del>-</del>
1	Rea	nd Source A4 in the insert.
2  3  (b) Prepare the statement of cash flows for XY plc for the year ended 31 December 202 accordance with IAS 7. Use the space provided to show your workings.	(a)	State <b>three</b> reasons why a business prepares a statement of cash flows.
The statement of cash flows for XY plc for the year ended 31 December 202 accordance with IAS 7. Use the space provided to show your workings.		1
3		
b) Prepare the statement of cash flows for XY plc for the year ended 31 December 202 accordance with IAS 7. Use the space provided to show your workings.		2
<b>b)</b> Prepare the statement of cash flows for XY plc for the year ended 31 December 202 accordance with IAS 7. Use the space provided to show your workings.		
b) Prepare the statement of cash flows for XY plc for the year ended 31 December 202 accordance with IAS 7. Use the space provided to show your workings.		3
accordance with IAS 7. Use the space provided to show your workings.		[;
Workings:	b)	Prepare the statement of cash flows for XY plc for the year ended 31 December 2021 accordance with IAS 7. Use the space provided to show your workings.
		Workings:

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## **Section B: Cost and Management Accounting**

Answer all questions.

5	Read	Source	R1	in	the	insert
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(a)	Cal	culate, for month 2, the following:
	(i)	sales volume variance
		[2]
	(ii)	material price variance
		[2]
,	(iii)	material usage variance
'	(111)	material usage variance
		[2]
	(iv)	labour rate variance
		[2]
	(v)	labour efficiency variance.
		[2]

(D)		gest <b>one</b> reason for the change.
	(i)	material price variance
		[2]
	(ii)	material usage variance
		[2]
	(iii)	labour rate variance
		rol
	(iv)	labour efficiency variance [2]
	()	
		[2]

### **Additional information**

Tommy so far has only calculated variances for sales, direct material and direct labour. His brother has suggested that in future Tommy should extend his variance analysis to fixed overheads.

(c)	Advise Tommy whether or not he should also start to calculate fixed overhead variances. Justify your answer.
	[5]
(d)	State <b>two</b> reasons why setting standard costs might be useful, other than for variance analysis.
	1
	2
	[2]

[Total: 25]

, Otal		escribe the factor whi				
Pro	Complete the table to calculate the <b>total</b> profit made in the month by <b>each</b> of Product A Product B. Apportion the administration and distribution costs on the basis of the number units sold.					
		Product A	Product B			
Sa	les value					
Dir	rect material					
Dir	rect labour					
Ma	achine set-ups					
Qι	uality inspections					
I	ministration and stribution					
Pro	ofit		·			
	Workings:					

(c)	Calculate the <b>total</b> profit made in the month by <b>each</b> of Product A and Product B if the administration and distribution costs are apportioned on the basis of sales value. Start your calculation with your answer from <b>(b)</b> .
	[6]

(d)	Suggest <b>two</b> different bases which LT plc could use to apportion administration and distribution costs, other than sales units and sales value.	
	1	
	2[2]	
Add	litional information	
	directors are also considering changing their pricing strategy so that a fixed mark-up on total is applied to both products.	
(e)	Advise the directors whether or not a fixed mark-up on total cost should be applied. Justify your answer.	
	[5]	
	[Total: 25]	

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