Cambridge Assessment International Education

Cambridge International AS & A Level

ACCOUNTING **9706/33**

Paper 3 Financial Accounting **May/June 2024**

INSERT **1 hour 30 minutes**

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.

DC (PB (GB)) 326880/2

Source A for Question 1

B Limited carries on a manufacturing business making one product. It has a constant rate of factory profit. The following balances are extracted from the trial balance at 31 December 2023.

	$
Machinery (carrying value at 1 January 2023)	258000
Office equipment (carrying value at 1 January 2023)	98000
Inventories at 1 January 2023	
Direct materials	16000
Work in progress	47000
Finished goods (at transfer price)	89600
Sales	933000
Purchases of direct materials	174300
Direct labour	158000
Rent and rates	105000
Other indirect production overheads	77500
Other administrative costs	205000
Provision for unrealised profit at 1 January 2023	25600

Further information is also available.

1 Inventories at 31 December 2023

	$
Direct materials	21400
Work in progress	52000
Finished goods (at transfer price)	77000

2 Rent and rates are to be allocated 70% to the factory and 30% to the office. Accrued rent at 31 December 2023 was $15000.

3 The annual depreciation rate for machinery is 20% and for office equipment is 15%. The reducing balance method is used for both.

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Source B for Question 2

The directors of M plc have prepared the financial statements for the year ended 31 December 2023. The following information from the financial statements is available.

Statement of financial position at 31 December 2023

	$
Non-current assets	
Property, plant and equipment	696 000
Current assets	
Inventory	88 000
Trade receivables	142 000
Cash and cash equivalents	46 000
	276 000
Total assets	972 000
Equity and reserves	
Ordinary share capital ($1 shares)	500 000
Share premium	35 000
Retained earnings	132 000
	667 000
Non-current liabilities	
6% debentures	180 000
Current liabilities	
Trade payables	125 000
Total equity and liabilities	972 000

Statement of changes in equity for the year ended
31 December 2023 (extract)

	Retained earnings $
Balance 1 January 2023	92 000
Profit for the year	140 000
Dividend paid	(100 000)
Balance 31 December 2023	132 000

Further information is also available.

1 All sales and purchases are on credit.

2 Goods are sold at a mark-up of 45%.

3 The inventory value at 1 January 2023 was $79 000.

4 The non-current asset turnover is 1.25 times.

5 A final dividend of $0.14 per share for 2023 was proposed at the year end. Dividends paid during the year comprised a final dividend of $60 000 for 2022 and an interim dividend of $40 000 for 2023.

6 The company's ordinary shares are currently priced at $2.56 each.

Source C for Question 3

The cost section and accumulated depreciation section of G plc's schedule of non-current assets at 31 December 2022 are as follows:

	Land and buildings $	Plant and machinery $	Motor vehicles $
Cost			
At 1 January 2022	360 000	280 000	135 000
Addition of land	190 000	–	–
At 31 December 2022	550 000	280 000	135 000
Accumulated depreciation			
At 1 January 2022	129 600	106 000	54 000
Charge for the year	14 400	26 100	27 000
At 31 December 2022	144 000	132 100	81 000

The following information has been provided.

1 Land and buildings consists of land which was acquired in 2022 and one office property.

2 At 31 December 2022, the company owned two vehicles that were acquired on the same day. Vehicle A's cost is 25% higher than vehicle B's cost.

3 A full year's depreciation is provided in the year of acquisition and none in the year of disposal.

4 The depreciation methods used are:

Land	no depreciation
Buildings	straight-line
Plant and machinery	reducing balance
Motor vehicles	straight-line

The following information is also available for the year ended 31 December 2023.

1 On 1 January 2023, a review of the estimated useful life of the office property suggested that it should be 5 years longer than originally estimated. On 31 December 2023, the land was revalued at $249 000.

2 An impairment review of a machine on 31 December 2023 suggested that it had a fair value of $7500 and a value in use of $9800. The machine was purchased on 1 January 2021 at a cost of $24 000. During the year, a new machine was purchased at a cost of $35 000.

3 Vehicle B had been part exchanged for a new vehicle C, giving a loss on disposal of $3000. G plc paid the balance of $25 000 by cheque to acquire vehicle C.

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