

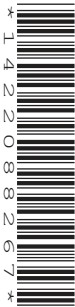


Cambridge International AS & A Level

CANDIDATE
NAME

CENTRE
NUMBER

CANDIDATE
NUMBER



ACCOUNTING9706/31

Paper 3 Financial AccountingMay/June 2024

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.

2

1 Read Source A in the insert.

(a) Identify the costs that may be included in the inventory cost of work in progress.

.....

.....

.....

.....

.....

.....

.....

..... [4]

[8]

(c) Prepare the statement of profit or loss for the year ended 31 December 2023.

[8]

(d) Advise the directors whether or not they should incur expenditure on researching a new material. Justify your answer.

[5]

[Total: 25]

[4]

[8]

(c) Calculate, to **two** decimal places, the following ratios:

(i) price/earnings

.....

.....

.....

..... [2]

(ii) dividend yield

.....

.....

.....

.....

.....

..... [3]

(iii) interest cover.

.....

.....

.....

.....

.....

..... [3]

Additional information

X plc, a competitor, has a working capital cycle which is shorter than that of M plc.

(d) Explain why X plc has performed better than M plc in managing the working capital cycle.

[5]

[Total: 25]

BLANK PAGE

3 Read Source C in the insert.

- (a) Prepare the cost section and the accumulated depreciation section of G plc's schedule of non-current assets at 31 December 2023. The total column is **not** required.

[illegible]

Workings:

Additional information

The directors have two options to acquire another machine in the coming year.

Option 1: buy a new machine

Option 2: buy two used machines

The cost of option 1 is \$17 000 higher than the cost of option 2. In the first year of use, the maximum capacity of each option is the same. The directors wish to select the option which will maximise profit.

(b) Advise the directors which option they should choose. Justify your answer.

[5]

[Total: 25]

Permission to reproduce items where third-party owned material protected by copyright is included has been sought and cleared where possible. Every reasonable effort has been made by the publisher (UCLES) to trace copyright holders, but if any items requiring clearance have unwittingly been included, the publisher will be pleased to make amends at the earliest possible opportunity.

To avoid the issue of disclosure of answer-related information to candidates, all copyright acknowledgements are reproduced online in the Cambridge Assessment International Education Copyright Acknowledgements Booklet. This is produced for each series of examinations and is freely available to download at www.cambridgeinternational.org after the live examination series.

Cambridge Assessment International Education is part of Cambridge Assessment. Cambridge Assessment is the brand name of the University of Cambridge Local Examinations Syndicate (UCLES), which is a department of the University of Cambridge.