

CANDIDATE
NAME

CENTRE
NUMBER

--	--	--	--	--

CANDIDATE
NUMBER

--	--	--	--



ACCOUNTING

9706/32

Paper 3 Structured Questions

February/March 2018

QUESTION PAPER

3 hours

Candidates answer on the Question Paper.

No Additional Materials are required.

READ THESE INSTRUCTIONS FIRST

Write your Centre number, candidate number and name in the spaces at the top of this page.

Write in dark blue or black pen.

You may use an HB pencil for any diagrams, graphs or rough working.

Do not use staples, paper clips, glue or correction fluid.

DO **NOT** WRITE IN ANY BARCODES.

Answer **all** questions.

The Insert contains all the sources referred to in the questions.

At the end of the examination, fasten all your work securely together.

The number of marks is given in brackets [] at the end of each question or part question.

International accounting terms and formats should be used as appropriate.

Workings should be shown.

You may use a calculator.

This document consists of **23** printed pages, **1** blank page and **1** Insert.

Additional information

- 1 Purchase consideration will be \$180 000 payable to Joe Tu by issuing 150 000 ordinary shares of R Limited.
- 2 R Limited will take over Joe Tu's assets and liabilities, except the bank account, at the following values:

	\$	
Land and buildings	139 000	
Plant and equipment	14 000	
Inventory	40 000	
Trade receivables	36 000	
Trade payables	67 000	

- 3 The directors of R Limited will also revalue their own land and buildings upwards by \$28 000.

(b) State why a business may revalue its assets when it is being purchased by another business.

.....

.....

..... [1]

(c) Prepare the statement of financial position of R Limited at 31 December 2017 if Joe Tu's business was purchased by it on that date.

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

Question 4

Read Source A4 in the Insert.

(a) Distinguish between the roles of the shareholders and the directors of a limited company.

.....

.....

.....

.....

.....

.....

.....

.....

.....

..... [4]

(b) State **one** reason why a sole trader does not require an audit of their financial statements.

.....

.....

.....

..... [1]

Section B: Cost and Management Accounting
Answer all questions

Question 5

Read Source B1 in the Insert.

(a) Explain what is meant by the term 'budgetary control'.

.....
.....
..... [2]

(b) Prepare the labour budget for the year ending 31 January 2018.

Clearly show the number of labour hours, the number of employees and the annual labour cost for each department.

.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....

Question 6

Read Source B2 in the Insert.

- (a) Explain the difference between the net present value and payback methods of investment appraisal.

.....

.....

.....

.....

.....

.....

.....

.....

.....

..... [4]

- (b) Calculate:

- (i) the payback period for Machine B

.....

.....

.....

.....

.....

.....

.....

.....

.....

..... [2]

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.

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