



Cambridge International AS & A Level

CANDIDATE NAME



CENTRE NUMBER

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CANDIDATE NUMBER

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ACCOUNTING

9706/33

Paper 3 Financial Accounting

October/November 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.





1 Read Source A in the insert.

(a) Explain why the partners were **not** sure of the value of the goodwill.

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..... [2]

(b) State which partner would prefer the value given to the goodwill to be as low as possible. Give a reason for your answer.

Partner

Reason

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..... [2]

Additional information

The partners finally agreed on a value of \$100 000 for the goodwill and the capital accounts were adjusted.

Later that year Andy decided that he no longer wanted to work the extra hours, and the partners decided to sell the business.

The business was acquired by AD plc on 31 December 2023. It took over all the assets and liabilities of the partnership except for the bank account for a purchase consideration of \$620 000. The partnership’s statement of financial position immediately prior to the acquisition showed the following:

	\$	
Andy’s capital and current accounts	221 500	
Betty’s capital and current accounts	291 300	
Bank	49 900	debit

The partnership also paid legal fees of \$3000 in relation to the sale of the business.

DO NOT WRITE IN THIS MARGIN





(c) Calculate the profit on realisation made by the partnership.

..... [4]

(d) Discuss how Betty’s decision to agree to Andy’s suggestion to change the partnership agreement impacted Betty. Support your answer with calculations.

..... [6]



DO NOT WRITE IN THIS MARGIN



2 Read Source B in the insert.

(a) Explain why the figure for coloured jackets in the receipts and payments account is different from the figure in the income and expenditure account.

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..... [3]

(b) Explain why the income from grants and donations is different in the receipts and payments account from the income and expenditure account.

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..... [3]

DO NOT WRITE IN THIS MARGIN





(c) Prepare the income and expenditure account for the year ended 31 December 2023.

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(d) Complete the following table by calculating the following values for inclusion in the statement of financial position at 31 December 2023. State the section of the statement where each would be shown.

	\$	Section of statement of financial position
Coloured jackets		
Deferred income		

[4]

DO NOT WRITE IN THIS MARGIN





(e) Advise the managing committee whether or not they should start to include the value of the inventory of refreshments and refuse bags in the financial statements. Justify your answer.

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[5]

DO NOT WRITE IN THIS MARGIN





3 Read Source C in the insert.

(a) Calculate a revised value for the profit from operations for the year ended 31 December 2023.

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Workings:

[9]

DO NOT WRITE IN THIS MARGIN





(c) Explain how an event can be determined to be adjusting or non-adjusting.

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..... [2]

(d) Explain what is meant by the term 'recoverable amount' when undertaking impairment reviews.

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..... [2]

(e) State **two** reasons why the company should continue undertaking impairment reviews.

1

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2

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[2]

[Total: 25]

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