



CANDIDATE
NAME

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CENTRE
NUMBER

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CANDIDATE
NUMBER

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9706/32

February/March 2024

1 hour 30 minutes

You must answer on the question paper.

You will need: Insert (enclosed)

- 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.

- 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) Prepare, showing the adjustments made during the acquisition on 1 January 2024, the capital accounts of Ada and Brian. Show the final settlement to or from **each** partner.

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Workings:

This image shows a full page of white paper with horizontal dashed lines, typical of primary-ruled notebook paper. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.

2 Read Source B in the insert.

- (a) Explain **one** reason why the information in the statement of cash flows of a business is important to its shareholders.

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..... [2]

- (b) Calculate the profit for the year for 2023.

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..... [3]

(c) Prepare the statement of cash flows for the year ended 31 December 2023 in accordance with IAS7.

[illegible]

Workings:

(d) Analyse the changes in the cash position of K plc during the year 2023.

[6]

[Total: 25]

3 Read Source C in the insert.

(a) Prepare the manufacturing account for the year ended 31 December 2023.

[5]

Additional information

The profit for the year before office expenses and depreciation of office equipment amounted to \$289 800.

(b) Prepare a statement to calculate, showing clearly the cost of sales, how much of this amount was derived from:

(i) importing

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..... [3]

(ii) manufacturing.

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..... [5]

- (c)** Calculate the profit for the year ended 31 December 2023.

[2]

Additional information

A director is of the opinion that the profit for the year for 2023 can be improved by increasing the rate of factory profit to 25%.

- (d) Explain the impact on the profit for the year for 2023 of increasing the rate of factory profit to 25% in 2023.

[5]

