# Cambridge International AS & A Level

**ACCOUNTING** **9706/33**

Paper 3 Financial Accounting **October/November 2023**

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 **4** pages.

DC (PQ) 312027/2
© UCLES 2023

**Source A for Question 1**

The statement of financial position of K plc at 30 June 2022 showed a total carrying value for property, plant and equipment of $620 000. This consisted of premises, machinery and motor vehicles.

As part of the preparation of the financial statements at 30 June 2023 the company needed to prepare the schedule of non-current assets.

The following information was available.

1 Premises

The premises had been bought on 1 July 2007 for $480 000. At that time the cost was considered to be 50% for land and 50% for buildings.

It is the policy of the company to depreciate buildings at the rate of 2% per annum using the straight-line method.

On 1 July 2022 the premises were revalued. The valuation was $790 000, with $390 000 of this being the value of the land. It was decided to continue to calculate depreciation on buildings at the rate of 2% per annum.

2 Machinery

On 1 July 2022 the company operated four machines. These had all been bought for the same price.

Machines 1 and 2 were fully depreciated by 30 June 2022.

Machine 3 had been bought on 1 July 2014 and on 30 June 2022 had a carrying value of $12 000.

Machine 4 had been bought on 1 July 2016 and on 30 June 2022 had a carrying value of $24 000.

The company depreciates its machines at the rate of 10% per annum using the straight-line method. It provides a full year's depreciation in the year of acquisition and none in the year of disposal.

During the year ended 30 June 2023 the two fully depreciated machines were sold at a profit of $36 000. Two new machines were bought at a cost of $90 000 each.

3 Motor vehicles

On 1 July 2022 the motor vehicles had a cost of $250 000.

There were no acquisitions during the year, but one vehicle, with an original cost of $80 000, was sold for $50 000, giving a loss on disposal of $1200.

The accumulated depreciation on 30 June 2023 was known to be $70 160.

© UCLES 2023

**Source B for Question 2**

The RT Club is a social club which also sells refreshments to its members. The annual subscription is $120. A life membership scheme was introduced at a fee of $1000 per member on 1 January 2018. Life membership fees are released to income over a 10-year period. There were seven life members at 31 December 2021.

The treasurer provided the following information for the year ended 31 December 2022.

1 Cash account

| | $ | | $ |
|---|---|---|---|
| Balance b/d | 50 | General expenses | 6700 |
| Sale of refreshments | 34800 | Cleaner's wages | 2400 |
| Annual subscriptions | 1440 | Purchases of refreshments | 3720 |
| | | Bank | 23350 |
| | | Balance c/d | 120 |
| | 36290 | | 36290 |

2 Bank account

| | $ | | $ |
|---|---|---|---|
| Annual subscriptions | 10320 | Balance b/d | 1200 |
| Cash | 23350 | Trade payables (refreshments) | 19600 |
| Life membership fees | 4000 | Rent | 11000 |
| | | Equipment | 4100 |
| | | Bank charges and interest | 550 |
| Balance c/d | 1100 | General expenses | 2320 |
| | 38770 | | 38770 |

3 Balances at 31 December

| | 2022<br>$ | 2021<br>$ |
|---|---|---|
| Prepaid rent | 0 | 1 000 |
| Inventory of refreshments | 1820 | 1150 |
| Trade payables (refreshments) | 840 | 620 |
| Equipment (carrying value) | 12700 | 11200 |
| Subscriptions received in advance | 120 | 240 |
| Subscriptions in arrears | 480 | 360 |

4 One subscription of $120, outstanding at the start of the year, was considered irrecoverable and written off.

**Source C for Question 3**

HT Limited is a retail business which makes all its sales and purchases on credit terms. It provided the following information taken from its **forecast** financial statements for the year ending 31 December 2024.

| | $ |
|---|---|
| At 1 January 2024 | |
| inventory | 15 092 |
| During the year | |
| revenue | 210 000 |
| purchases | 161 000 |
| At 31 December 2024 | |
| inventory | 19 278 |
| trade receivables | 24 164 |
| trade payables | 19 408 |

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.

© UCLES 2023