



Cambridge International AS & A Level

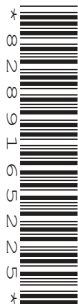
CANDIDATE
NAME

CENTRE
NUMBER

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CANDIDATE
NUMBER

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ACCOUNTING

9706/32

Paper 3 Structured Questions

May/June 2020

3 hours

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 150.
- The number of marks for each question or part question is shown in brackets [].
- The insert contains all of the required information and questions.

This document has **24** pages. Blank pages are indicated.

Section A: Financial Accounting

Answer **all** questions.

1 Read Source A1 in the Insert.

(a) State the usefulness of a statement of cash flows to potential shareholders.

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..... [3]

(b) Calculate the profit from operations for the year ended 31 December 2019.

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..... [5]

(d) Prepare an extract of statement of cash flows for the year ended 31 December 2019, showing the net cash from or used in:

(i) operating activities

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..... [3]

(ii) financing activities.

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..... [2]

Workings:

[12]

(c) Explain **two** reasons why Amir and Ishan prefer asking for a loan from Raj instead of from the bank.

1

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2

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[4]

4 Read Source A4 in the Insert.

- (a) Prepare the summarised equity and liabilities section of the draft statement of financial position of W plc at 31 December 2019.

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Workings:

[4]

Additional information

On 18 January 2020, before the draft financial statements were presented to the auditors, it was found that one of the customers, owing \$8000 at 31 December 2019, had been declared bankrupt.

(d) Define the meaning of the terms 'adjusting events' and 'non-adjusting events' according to IAS 10.

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(e) Explain the appropriate accounting treatment of the amount of \$8000 owed by a customer declared bankrupt at 31 December 2019.

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..... [4]

[Total: 25]

(c) (i) Calculate the direct labour variance.

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..... [1]

(ii) Analyse the reasons for the direct labour variance. Support your answer with calculations.

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..... [4]

(d) (i) Calculate the total fixed overheads variance.

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..... [1]

(ii) Calculate the fixed overheads expenditure variance.

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..... [1]

(iii) Calculate the fixed overheads volume variance.

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..... [1]

Workings:

A large empty rectangular box intended for students to show their working out for the question on this page.

[13]

[Turn over

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