Cambridge International AS & A Level

ACCOUNTING

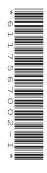
Paper 3 Financial Accounting

INSERT

9706/33

October/November 2023

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.

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 \$620000. 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 \$790000, with \$390000 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 \$12000.

Machine 4 had been bought on 1 July 2016 and on 30 June 2022 had a carrying value of \$24000.

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 \$36000. Two new machines were bought at a cost of \$90000 each.

3 Motor vehicles

On 1 July 2022 the motor vehicles had a cost of \$250000.

There were no acquisitions during the year, but one vehicle, with an original cost of \$80000, was sold for \$50000, giving a loss on disposal of \$1200.

The accumulated depreciation on 30 June 2023 was known to be \$70160.

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 Sale of refreshments Annual subscriptions	\$ 50 34800 1440	General expenses Cleaner's wages Purchases of refreshments Bank Balance c/d	\$ 6700 2400 3720 23350 120	
		36290		36290	
2	Bank account				
	Annual subscriptions Cash Life membership fees Balance c/d	\$ 10 320 23 350 4 000 <u>1 100</u> 38 770	Balance b/d Trade payables (refreshments) Rent Equipment Bank charges and interest General expenses	\$ 1200 19600 11000 4100 550 2320 38770	
3	Balances at 31 December	er			
			2022 2021 \$ \$		

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Prepaid rent	0	1 000
Inventory of refreshments	1820	1 1 5 0
Trade payables (refreshments)	840	620
Equipment (carrying value)	12700	11 200
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.

\$
15092
210000
161000
19278
24 164
19408

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