



Cambridge International AS & A Level

CANDIDATE
NAME

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CENTRE
NUMBER

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CANDIDATE
NUMBER

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ACCOUNTING

9706/31

Paper 3 Financial Accounting

May/June 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. Any blank pages are indicated.

1 Read Source A in the insert.

(a) Identify the costs that may be included in the inventory cost of work in progress.

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..... [4]

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

[8]

(c) Prepare the statement of profit or loss for the year ended 31 December 2023.

[8]

Additional information

The product of B Limited is well received by the market. The directors plan to incur \$100 000 expenditure on researching a new material that will extend the life of the product.

- (d)** Advise the directors whether or not they should incur expenditure on researching a new material. Justify your answer.

[5]

[Total: 25]

2 Read Source B in the insert.

(a) Explain the stewardship role of the directors in a public limited company.

[4]

(b) Calculate the working capital cycle (in days). Round up the components to the nearest day.

[8]

(c) Calculate, to **two** decimal places, the following ratios:

(i) price/earnings

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..... [2]

(ii) dividend yield

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..... [3]

(iii) interest cover.

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..... [3]

Additional information

X plc, a competitor, has a working capital cycle which is shorter than that of M plc.

(d) Explain why X plc has performed better than M plc in managing the working capital cycle.

[5]

[Total: 25]

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3 Read Source C in the insert.

- (a) Prepare the cost section and the accumulated depreciation section of G plc's schedule of non-current assets at 31 December 2023. The total column is **not** required.

[illegible]

Workings:

[20]

