
INTERNATIONAL A-LEVEL ACCOUNTING

9615

Paper 3 Financial Accounting

Additional specimen paper
minutes

07:00 GMT

Time allowed: 2 hours 15

Materials

For this paper you may use:

- a calculator

Instructions

- Use black ink or black-call-point pen.
- Fill in the boxes at the top of this page.
- Answer **all** questions.
- You must answer the questions in the spaces provided. Do not write outside the box around each page or on blank pages.
- If you need extra space for your answer(s), use the lined pages at the end of this book. Write the question number against your answer(s).
- Do all rough work in this book. Cross through any work you do not want to be marked.

Information

- The marks for questions are shown in brackets.
- The maximum mark for this paper is 90.

Section A

Answer **all** questions in the spaces provided.

For each question completely fill in the circle alongside the appropriate answer.

CORRECT METHOD



INCORRECT METHODS



If you want to change your answer you must cross out your original answer as shown.

If you wish to return to an answer previously crossed out, ring the answer you now wish to select as shown.



0 1 What is the formula to calculate the liquid capital ratio?

[1 mark]

- A**
$$\frac{\text{Current assets}}{\text{Current liabilities}}$$
 ☐
- B**
$$\frac{\text{Current assets}}{\text{Current liabilities}} \times 100$$
 ☐
- C**
$$\frac{\text{Current assets} - \text{closing inventory}}{\text{Current liabilities}}$$
 ☐
- D**
$$\frac{\text{Current assets} - \text{closing inventory}}{\text{Current liabilities}} \times 100$$
 ☐

0 2 The owner of a restaurant purchased some equipment on credit for business use, but returned the equipment to the supplier as it was damaged.

Which is the book of prime entry and double entry to record the return of the equipment?

[1 mark]

	Book of prime entry	Debit	Credit	
A	General journal	Equipment	Supplier	☐
B	General journal	Supplier	Equipment	☐
C	Purchases returns journal	Purchases returns	Supplier	☐
D	Purchases returns journal	Supplier	Purchases returns	☐

0 3

Alex, Maxine and Sergio were in a partnership with profits shared on a 6:3:1 basis respectively. Alex decided to leave the partnership. The following information is available.

	\$
Capital account – Alex	32 000 Cr
Current account – Alex	3 200 Dr
Increase in value of non-current assets	15 000

What payment would Alex receive from the partnership?

[1 mark]**A** \$13 800☐**B** \$19 800☐**C** \$37 800☐**D** \$43 800☐**0 4**

The following information is available relating to trade receivables for the year ended 30 June 2024.

	\$
Receipts from trade receivables	205 000
Sales returns	7 000
Trade receivables, 1 July 2023	14 000
Trade receivables, 30 June 2024	12 000

What is the value of credit sales for the year ended 30 June 2024?

[1 mark]**A** \$196 000☐**B** \$200 000☐**C** \$210 000☐**D** \$214 000☐

0 5

Helena is a partner in a recently established business. Errors were made in completing her current account. The current account is shown below.

Current Account (Helena)			
	\$		\$
Drawings	12 000	Interest on capital	8 200
Salary	8 000	Share of loss	3 300
Balance b/d	8 500	Balance c/d	8 500
	<u>20 000</u>		<u>20 000</u>

What is the correct closing balance brought down on Helena's current account?

[1 mark]

A \$900 Cr

☐

B \$7 300 Cr

☐

C \$900 Dr

☐

D \$7 300 Dr

☐

0 6

What is the formula to calculate interest cover?

[1 mark]

A $\frac{\text{Interest payable}}{\text{Profit after interest and tax}}$

☐

B $\frac{\text{Interest payable}}{\text{Profit before interest and tax}}$

☐

C $\frac{\text{Profit after interest and tax}}{\text{Interest payable}}$

☐

D $\frac{\text{Profit before interest and tax}}{\text{Interest payable}}$

☐

Turn over for the next question

0 7

The following information is available for a company.

On 1 April 2023	\$
Issued share capital of \$2 shares	65 000
Share premium	25 000

During the year ended 31 March 2024, \$62 400 was received from a rights issue of 26 000 shares.

What is the value of share capital and share premium in the statement of financial position at 31 March 2024?

[1 mark]

	Share capital \$	Share premium \$	
A	91 000	35 400	☐
B	91 000	61 400	☐
C	117 000	35 400	☐
D	117 000	61 400	☐

0 8

Which error would be the most likely to be prevented by the use of accounting software?

[1 mark]

- A Commission ☐
- B Partial omission ☐
- C Principle ☐
- D Reversal ☐

0 9

Which is not an advantage of a computerised accounting system?

[1 mark]

- A Increased processing speed ☐
- B Increased reliability ☐
- C Reduced errors ☐
- D Reduced training costs ☐

1	0
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A business has completed a physical stocktake with a figure of \$17 444.

Not included in the stocktake figure was an item returned by a customer. The selling price of this item was \$270 and the business has a 50% mark up on all goods sold.

Which is the inventory valuation?

[1 mark]

A \$17 264

☐

B \$17 579

☐

C \$17 624

☐

D \$17 714

☐

Turn over for the next question

1 1

The bookkeeper of C Ltd has provided the following information:

	At 30 April 2024	At 30 April 2023
	\$	\$
Taxation owed	3 102	2 561
8% debenture	60 000	60 000
6% debenture	20 000	—

Additional information

- The draft profit from operations was \$45 586.
This profit does not include:
 - purchase returns of \$1 030 and
 - expense paid in advance at the end of the year of \$670.
- Taxation paid during the year was \$8 863.
- The additional debenture was taken out on 1 August 2023.

Prepare an extract of the income statement for C Ltd for the year ended 30 April 2024. Your answer should start with the profit from operations.

[8 marks]

C Ltd

Extract from Income Statement for the year ended 30 April 2024

Workings

1 2

Mei manufacture parts for televisions. She has provided the following information:

Inventory of finished goods	\$
At 1 September 2023	42 120
At 31 August 2024	48 480

Parts are transferred from the factory to the trading account at cost plus 20%.

Calculate the amount of provision for unrealised profit to be included in the income statement for the year ended 31 August 2024. State clearly whether the amount is an expense or other income.

[5 marks]

23

Section B

Answer all questions in this section.

1 3

The following is the receipts and payments account of Scrumdown Club for the year ended 31 October 2024.

Receipts	\$	Payments	\$
Income from events	1 543	Bank balance b/d	819
Investment interest	81	Restaurant purchases	41 760
Subscriptions	11 880	Purchase of equipment	4 300
Restaurant sales	67 551	General expenses	11 123
Sale of equipment	100	Loan repayment	20 000
		Interest on loan	2 000
		Bank balance c/d	1 153
	<u>81 155</u>		<u>81 155</u>

Additional information:

- During the year ended 31 October 2024 restaurant inventory increased by \$90.
- The equipment that was sold during the year had a carrying value of \$450.
- At 1 November 2023 the club owed restaurant suppliers \$753.
At 31 October 2024 the club owed restaurant suppliers \$712.
- At 31 October 2024 subscriptions of \$180 remained owing and \$100 was paid in advance.
- The depreciation charge for the year was \$550

Prepare the income and expenditure account for the year ended 31 October 2024

[15 marks]

Scrumdown Club
Income and expenditure account for the year ended 31 October 2024

Workings

1 4

The accountant of Kubica plc has provided an extract from its statement of financial position together with some additional information.

Kubica plc
Extract from the statement of financial position at 31 March 2023

	Land and buildings	Plant and machinery	Fixtures and fittings
	\$	\$	\$
Cost /valuation 31 March 2023	800 000	250 000	85 900
Accumulated depreciation at 31 March 2023	<u>72 000</u>	<u>122 000</u>	<u>30 924</u>
Carrying value	728 000	128 000	54 976

Additional information:

During the year ended 31 March 2024 the following changes occurred:

1. Land was revalued to \$500 000. The land had previously been valued at \$200 000 and this had been included in the land and buildings cost/valuation at 31 March 2023.
2. Some plant and machinery were disposed of. These originally cost \$16 000 and were sold for \$10 000, which meant a loss on disposal of \$240 was recorded.
3. Fixtures and fittings were purchased at a cost of \$12 000. Some old fixtures and fittings were used in part exchange at a value of \$3 000, which meant a profit of \$376 was recorded. The fixtures which were part exchanged originally cost \$4 100.
4. No other additions or disposals of non-current assets took place.

Extract of accounting policies:

1. Land is not depreciated. Buildings are depreciated at 3% per annum using the straight line method.
2. Plant and machinery is depreciated at 20% using the reducing balance method.
3. Fixtures and fittings are depreciated using the straight line method at 20% per annum.

All non-current assets are charged a full year's depreciation in the year of purchase, but none in the year of disposal.

1 4 . 1

Prepare the schedule of non-current assets for Kubica plc for the year ended 31 March 2024.

[14 marks]

Kubica plc
Schedule of non-current assets for the year ended 31 March 2024

	Land and buildings	Plant and machinery	Fixtures and fittings
Cost/Valuation	\$	\$	\$
At 1 April 2023	800 000	250 000	85 900
Accumulated depreciation			
At 1 April 2023	72 000	122 000	30 924
Carrying value			
At 31 March 2024			
At 31 March 2023	728 000	128 000	54 976

Workings

1 4 . 2 In September 2024 Kubica plc had its buildings professionally revalued and has been advised the buildings are worth double their original cost.

Assess the financial implications of revaluing the buildings based on the new valuation. **[6 marks]**

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Extra space _____

1 5

Sue and Tom have been in partnership for many years and the financial year ends on 31 January. On 1 September 2023, Ling was admitted to the partnership.

The partnership maintain separate capital and current accounts. The following information has been provided from the Deeds of Partnership.

	Sue and Tom Partnership	Sue, Tom and Ling Partnership
Interest on capital	6%	4%
Annual salary		
Tom	\$24 600	\$24 600
Profit and loss sharing ratio		
Sue	50%	35%
Tom	50%	40%
Ling	-	25%

Additional information

- At 1 February 2023, the balance brought down on Sue and Tom's capital accounts was \$45 000 and \$84 000 respectively.
- On 1 September 2023, Sue paid additional capital into the partnership bank account of \$25 500.
- On admission to the partnership, Ling introduced capital of \$21 000.
- Goodwill was agreed at a valuation of \$54 000. It has been agreed that goodwill will not be maintained in the books of account.
- The profit for the year ended 31 January 2024 was \$100 500. Profits accrue evenly throughout the year.
- At 31 January 2024, the partners' drawings for the year were:

Sue	\$26 000
Tom	\$35 000
Ling	\$10 000

1 5 . **1** Prepare the partnership appropriation account for the year ended 31 January 2024.

Clearly show all the relevant figures for the **seven** months before Ling joined and the **five** months after.

[14 marks]

**Partnership appropriation account
for the year ended 31 January 2024**[illegible]

1	5	.	2
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On joining the partnership, Ling noticed that Sue and Tom maintain separate capital and current accounts. Ling would like to change this so that each partner has a combined capital and current account.

Assess whether the partnership should make this change.

[6 marks]

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Section C**1 6**

Deepti has \$50 000 to invest. She needs an income from her investment. She has researched a number of companies and thinks B plc is the best.

Deepti provides the following information based on the last three years' trading.

Extract of financial information:

B plc			
	2024	2023	2022
Earnings per share	\$0.16	\$0.09	\$0.05
Dividend cover	7.3 times	5.3 times	5.6 times
Market price per share at year end	\$1.40	\$1.25	\$0.60
Dividend yield	1.6%	1.4%	1.5%

B plc owns supermarkets and has been trading for 50 years. The supermarkets are located in major cities. The supermarkets are owned by B plc, but many have mortgages which are secured on the property.

B plc owns a large amount of land in areas where the demand is high.

B plc's policy is to deal with suppliers and other stakeholders who behave ethically.

Advise Deepti whether or not she should invest in B plc. Your advice should consider both financial and non-financial factors.

[12 marks]

Extra space

END OF QUESTIONS

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