



Cambridge International AS & A Level

CANDIDATE NAME



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ACCOUNTING

9706/33

Paper 3 Financial Accounting

October/November 2025

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) Explain why a manufacturing business might decide to account for factory profit.

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..... [2]

(b) Explain the recording of the provision for unrealised profit in the statement of financial position.

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..... [2]

(c) Calculate the **rate** of factory profit applied in 2024.

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..... [6]

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2 Read Source B in the insert.

(a) Complete the following table to calculate the profit for **each** six-month period **and** the profit for the year ended 31 December 2024.

	January to June	July to December	Full year 2024
	\$	\$	\$
Revenue			
Cost of sales			
Gross profit			
Wages and salaries			
Rent			
Depreciation			
Other expenses			
Profit			

Workings:

[10]



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3 Read Source C in the insert.

(a) Calculate, to **two** decimal places, the following ratios.

(i) dividend per share in 2024

.....
..... [1]

(ii) dividend cover in 2024

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..... [1]

(iii) gearing at 31 December 2024.

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..... [2]

Additional information

The directors believed that if the company invested \$220 000 in new non-current assets on 1 January 2025 then the profit from operations would increase by 15%. They had considered two options for raising the necessary funds.

Option 1

To take out a long-term bank loan of \$220 000, at an annual interest rate of 10%. The company would continue to pay one dividend a year but would increase the dividend per share by \$0.01.

Option 2

To raise \$220 000 by issuing 160 000 new ordinary shares of \$1 each at a premium. These shares would be eligible to receive the annual dividend, but the dividend per share would remain at the 2024 level.

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(b) Calculate the expected annual profit from operations if the investment in new non-current assets takes place.

.....

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.....

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..... [2]

(c) Calculate, to **two** decimal places, the dividend cover in 2025 **and** the gearing ratio at 31 December 2025 for **each** option.

	Option 1	Option 2
Dividend cover		
Gearing ratio		

Workings:



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