CAMBRIDGE
International Education

Cambridge International AS & A Level

CANDIDATE NAME

CENTRE NUMBER

CANDIDATE NUMBER

* 7 7 4 9 7 2 8 0 7 1 *

ACCOUNTING **9706/32**

Paper 3 Financial Accounting **May/June 2026**

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. Do **not** use correction fluid or tape.
- 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 **16** pages. Any blank pages are indicated.

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1 Read **Source A** in the insert.

(a) State **two** differences between the financial statements of a club and a trading business.

club	trading business
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[2]

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(b) Explain, with reference to an accounting concept, the treatment of life membership fees in the financial statements of the Club, as advised by the accountant.

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(c) Prepare the café statement of profit or loss for the year ended 31 December 2025.

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(d) Prepare the income and expenditure account of the Club for the year ended 31 December 2025.

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Workings:

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(e) Prepare an **extract** of the statement of financial position of the Club at 31 December 2025, showing the accumulated fund and liabilities.

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Workings:

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[Total: 25]

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2 Read **Source B** in the insert.

(a) State **two** uses of a statement of cash flows.

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(b) Prepare the statement of cash flows of W plc for the year ended 31 March 2026 in accordance with IAS 7.

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Workings:

[18]

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Additional information

W plc has the opportunity to acquire an adjacent office building which is double the size of the present one. The purchase cost is $600 000. The directors are considering two options for the use of this adjacent building:

option 1 move in and sell the present one to cope with an expected increase in business scale

option 2 let the building and receive rental income.

(c) Advise the directors which option they should choose. Justify your answer.

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3 Read **Source C** in the insert.

(a) Calculate the purchase consideration payable by G Limited.

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(b) **(i)** Calculate the capital of Andy and Ben immediately before the takeover by G Limited.

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Turn over

(ii) Calculate the realisation profit or loss share of **each** individual partner.

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(iii) Prepare the capital account of Andy and Ben on the next page, showing the final settlement through the partnership's bank account.

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Capital account

	Andy $	Ben $		Andy $	Ben $

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(c) Prepare the journal entry of G Limited upon the acquisition of the partnership business on 31 December 2025.

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Additional information

The directors are considering purchasing a sole trader business which supplies leather to G Limited. The sole trader, Calvin, requests that the purchase consideration has to be settled by 80 000 ordinary shares and he is to be appointed as a director of G Limited.

(d) Advise the directors whether or not they should accept Calvin's request. Justify your answer.

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