



# Cambridge International AS & A Level

CANDIDATE  
NAME
CENTRE  
NUMBER

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CANDIDATE  
NUMBER

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## ACCOUNTING

9706/32

Paper 3 Financial Accounting

May/June 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.

[8]

[8]



[7]



(c) (i) Explain why unrealised profit occurs in some manufacturing businesses.

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..... [2]

(ii) Explain why the provision for unrealised profit is accounted for in the statement of financial position.

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..... [3]

**Additional information**

Nadim plans to incorporate his business. His only concern is that the financial statements may then have to be audited.

(d) Advise Nadim whether or not he should incorporate his business in view of his only concern. Justify your answer.

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..... [5]

[Total: 25]



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5

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

- (a) State the conditions of recognising a provision in the financial statements in accordance with IAS 37.

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..... [3]

- (b) Prepare a statement to adjust the draft profit for the year ended 31 December 2024 after considering the information in matters 1 to 5. Use the space provided for workings to show your workings.

Workings:



[14]

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[5]

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2 .....

[2]

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- 1 .....
- 2 .....
- 3 .....

[3]

[5]

[6]



[8]

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