



**Cambridge Assessment
International Education**

Cambridge International AS & A Level

CANDIDATE
NAME

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NUMBER

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NUMBER

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ACCOUNTING

9706/43

Paper 4 Cost and Management Accounting

October/November 2023

1 hour

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.
- You should present all accounting statements in good style.
- You should show your workings.

INFORMATION

- The total mark for this paper is 50.
- 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) Prepare the flexible budget statement for the month of April.

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..... [3]

(b) Calculate the following variances:

(i) sales price

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..... [2]

(ii) sales volume (as a measure of change in profit)

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..... [2]

(iii) fixed overhead expenditure

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..... [2]

(iv) fixed overhead volume.

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..... [2]

(c) Prepare a statement to reconcile the flexible budgeted profit as calculated in (a) with the actual profit. Your statement should start with the flexible budgeted profit.

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..... [7]

	Local supplier A	Overseas supplier B
Usage per unit after wastage	2.8 kilos	2.5 kilos
Purchase price per kilo quoted by supplier	\$13.75	\$15.40

- [7]

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2 Read Source B in the insert.

(a) Prepare a statement showing the net cash flow for **each** year from Year 0 to Year 3 for:

(i) model IM3

..... [5]

(ii) model IM8.

[4]

year	discount factor
1	0.893
2	0.797
3	0.712

- 1

- 2
-

(c) Calculate the NPV for **each** model of machine.

[4]

..... [7]

Additional information

If an additional improvement cost of \$5000 were incurred at the end of Year 1, the production capacity of IM3 could be increased to 18 000 units.

(e) Calculate the **change** in NPV of IM3 if the additional cost is incurred.

[3]

[Total: 25]

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