

Cambridge Assessment
International Education

Cambridge International AS & A Level

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ACCOUNTING

9706/43

Paper 4 Cost and Management Accounting

October/November 2024

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 **8** pages. Any blank pages are indicated.



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Workings:





Additional information

Mo wishes to have a cash balance of \$80 000 at 31 March 2025.

(c) Calculate the total amount of capital that Mo has to invest on 1 January 2025.

..... [2]

Additional information

Mo is optimistic about his business. He estimates that the sales will increase by 20% every month in the first year. He also plans to form a limited company in 2026 and is considering preparing a master budget every year.

(d) Advise Mo whether or not he should prepare a master budget every year. Justify your answer.

[7]

[Total: 25]





2 Read Source B in the insert.

(a) Calculate, to **two** decimal places, the **unit** selling price for **each** product using traditional absorption costing.

.....

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.....

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.....

.....

Workings:

[5]





Additional information

The management accountant has suggested using activity based costing (ABC).

(b) State **two** advantages and **two** disadvantages of ABC.

Advantages

1

.....

2

.....

Disadvantages

1

.....

2

.....

[4]

(c) Calculate, to **two** decimal places, the total cost per **unit** for **each** product using ABC.

.....

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.....

.....

Workings:

[5]





- (d) (i)** Calculate the percentage change in the mark-up for Product B if ABC is adopted and the unit selling price remains the same as in **(a)**.

..... [2]

- (ii) Explain why this change will happen.

..... [2]

Additional information

The directors find that the unit selling price for each product in (a) is different from a major competitor in the market. They are thinking of setting the selling prices by matching the selling price of the competitor.

- (e)** Advise the directors whether or not they should set the selling prices in this way. Justify your answer.

[7]

[Total: 25]





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