GradeMax

* 0000800000001 * DFD

Cambridge Assessment International Education

Cambridge International AS & A Level

CANDIDATE NAME

CENTRE NUMBER

CANDIDATE NUMBER

1911129737 8

ACCOUNTING **9706/41**

Paper 4 Cost and Management Accounting **October/November 2025**

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.

DC (PQ) 341228/3
© UCLES 2025

[Turn over

GradeMax

1 Read Source A in the insert.

(a) Calculate the net present value (NPV) of:

(i) the new machine

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

..... [3]

(ii) the upgraded machine.

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

..... [3]

DO NOT WRITE IN THIS MARGIN

GradeMax

(b) Calculate, to **two** decimal places, the internal rate of return (IRR) of:

(i) the new machine

.....

.....

.....

.....

.....

.....

.....

.....

.....

..... [3]

(ii) the upgraded machine.

.....

.....

.....

.....

.....

.....

.....

.....

.....

..... [3]

DO NOT WRITE IN THIS MARGIN
DO NOT WRITE IN THIS MARGIN
DO NOT WRITE IN THIS MARGIN
DO NOT WRITE IN THIS MARGIN
DO NOT WRITE IN THIS MARGIN

GradeMax

(c) Advise the directors which machine they should adopt if Product P were to be made. Justify your answer.

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

..... [7]

Additional information

One of the directors raises two issues before making the final decision.

1 In his opinion, the accounting rate of return (ARR) should be the only criterion for making the investment decision.

2 X Limited is currently making Product C which consistently generates an annual profit of $200 000. If the directors decide to make Product P, 20% of the production capacity of Product C will need to be used for Product P.

DO NOT WRITE IN THIS MARGIN

DO NOT WRITE IN THIS MARGIN

DO NOT WRITE IN THIS MARGIN

DO NOT WRITE IN THIS MARGIN

DO NOT WRITE IN THIS MARGIN

(d) Assess the impact on the directors' decision to make Product P if these two issues are addressed. Support your answer with calculations.

.....

.....

.....

GradeMax

2 Read Source B in the insert.

(a) State the steps taken if a manufacturing business wants to apply ABC.

.....

.....

.....

.....

.....

.....

.....

..... [4]

(b) Calculate, to **two** decimal places, the unit selling price for **each** product using the following costing methods to assign overhead costs:

(i) the existing method

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

Workings:

[7]

DO NOT WRITE IN THIS MARGIN DO NOT WRITE IN THIS MARGIN DO NOT WRITE IN THIS MARGIN DO NOT WRITE IN THIS MARGIN DO NOT WRITE IN THIS MARGIN

GradeMax

(ii) ABC.

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

Workings:

[7]

DO NOT WRITE IN THIS MARGIN
DO NOT WRITE IN THIS MARGIN
DO NOT WRITE IN THIS MARGIN
DO NOT WRITE IN THIS MARGIN
DO NOT WRITE IN THIS MARGIN

GradeMax

(c) Advise the directors whether or not they should use ABC for the coming year. Justify your answer.

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

..... [7]

[Total: 25]

DO NOT WRITE IN THIS MARGIN

DO NOT WRITE IN THIS MARGIN

DO NOT WRITE IN THIS MARGIN

DO NOT WRITE IN THIS MARGIN

DO NOT WRITE IN THIS MARGIN

Permission to reproduce items where third-party owned material protected by copyright is included has been sought and cleared where possible. Every reasonable effort has been made by the publisher (UCLES) to trace copyright holders, but if any items requiring clearance have unwittingly been included, the publisher will be pleased to make amends at the earliest possible opportunity.

To avoid the issue of disclosure of answer-related information to candidates, all copyright acknowledgements are reproduced online in the Cambridge Assessment International Education Copyright Acknowledgements Booklet. This is produced for each series of examinations and is freely available to download at www.cambridgeinternational.org after the live examination series.

Cambridge Assessment International Education is part of Cambridge Assessment. Cambridge Assessment is the brand name of the University of Cambridge Local Examinations Syndicate (UCLES), which is a department of the University of Cambridge.