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CAMBRIDGE
International Education

Cambridge International AS & A Level

CANDIDATE NAME

CENTRE NUMBER

CANDIDATE NUMBER

* 3 3 0 8 4 1 2 0 4 4 *

ACCOUNTING **9706/43**

Paper 4 Cost and Management Accounting **May/June 2026**

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. 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.
- 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.

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

(a) Explain **two** reasons why manufacturing businesses adopt activity based costing.

1 .....

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2 .....

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..... [4]

(b) Calculate the budgeted **unit** selling price for **each** of Essential and Premier, using activity based costing.

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Workings:

[11]

Additional information

The sales manager asks the directors to consider setting up a telephone hotline to provide better customer service for both products. This would incur additional overhead costs.

(c) (i) Identify an appropriate cost driver for these costs.

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..... [1]

(ii) Explain why this cost driver is appropriate.

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..... [2]

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Additional information

G Limited compares the selling price of both products as calculated in **1(b)** with its competitor's prices. The selling price of Essential is the same as that of its competitor's price. The selling price of Premier is 16% higher than its competitor's price.

(d) Advise the directors whether or not the company should produce Premier if it has to reduce the selling price. Justify your answer and support it with relevant calculations.

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Workings:

[7]

[Total: 25]

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

(a) Calculate the net cash inflows from selling 5000 units per annum using:

(i) the rented machine in year 1

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(ii) the purchased machine in year 1 and year 2.

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(b) Calculate for the purchased machine:

(i) the payback period (in years and months)

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(ii) the net present value (NPV).

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(c) State **three disadvantages** of the NPV method.

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[3]

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(d) Advise the directors whether or not they should purchase the machine to replace the rented machine. Justify your answer and support it with relevant calculations.

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Workings:

[7]

[Total: 25]

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