Cambridge Assessment International Education

Cambridge International AS & A Level

ACCOUNTING **9706/41**

Paper 4 Cost and Management Accounting **May/June 2024**

INSERT **1 hour**

9205818265-I

INFORMATION
- This insert contains all of the sources referred to in the questions.
- You may annotate this insert and use the blank spaces for planning. **Do not write your answers** on the insert.

This document has **4** pages. Any blank pages are indicated.

DC (SL) 341339

[Turn over

Source A for Question 1

WJ plc uses activity based costing (ABC). It calculates selling prices by adding a mark-up of 50% to the total of budgeted direct costs and overheads of each product.

The following information is available.

1 Each year the company manufactures and sells 200 units of Product A and 480 units of Product B.

2 Information about the budgeted direct costs of **Product A** is as follows:

direct materials	cost $28 000 per annum, using 7 kilos per unit
direct labour	requires 9 hours per unit, paid at $11 per hour

3 Budgeted overheads per annum for **both** products are as follows:

	$	
quality inspections	12 000	180 inspections for Product A and 320 for Product B
order processing	18 000	240 orders for Product A and 120 for Product B
other overheads	37 400	apportioned on the basis of units produced

Source B for Question 2

P Limited manufactures Product Exe and operates a system of standard costing.

Budgeted production and sales of Product Exe is 11 000 units per month. Its standard data per unit of Product Exe was as follows:

Selling price	$210
Direct materials	4 kilos at $7.60 per kilo
Direct labour	3 hours at $10.50 per hour

When the actual results for April 2024 were known the following variances were calculated.

sales price	$55 000 adverse
sales volume	nil
material price	$4 290 favourable
material usage	$8 360 favourable
labour rate	nil
labour efficiency	$57 750 adverse

BLANK PAGE