



CANDIDATE
NAME

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CENTRE
NUMBER

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CANDIDATE
NUMBER

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9706/41

October/November 2023

1 hour

You must answer on the question paper.

You will need: Insert (enclosed)

- 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.

- 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.

1 Read Source A in the insert.

(a) State **two** purposes of preparing a **cash** budget.

1

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2

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[2]

(b) Prepare the cash budget for **each** of the months November, December and January.

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Workings:

[12]

- (c) Prepare the budgeted statement of profit or loss for the three-month budgeted period ending 31 January. Start your answer with the gross profit.

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Workings:

Additional information

To improve the future cash position the directors have two options.

Option 1 Offer a cash discount of 2.5% to credit customers if they pay one month after sales. It is estimated that 80% of the credit customers will take the cash discount.

Option 2 Pay the suppliers two months after the purchases.

(d) Advise the directors which option, if either, they should choose. Justify your answer.

[7]

[Total: 25]

2 Read Source B in the insert.

(a) State **two** benefits of variance analysis.

- 1
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- 2
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- [2]

(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) direct material total

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- [2]

(iv) direct labour total

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- [2]

(v) fixed overhead total.

[2]

Additional information

Each unit requires two standard labour hours. The actual labour hours are 3456.

(c) Explain the likely reasons for the direct labour total variance calculated in **(b)(iv)**. Support your answer with the calculation of other relevant variances.

[6]

