Cambridge Assessment International Education

# Cambridge International AS & A Level

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| CANDIDATE NAME | | | |
| CENTRE NUMBER | | CANDIDATE NUMBER | |

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**ACCOUNTING** **9706/43**

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.


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

**(a)** Prepare the flexible budget statement for March showing the budgeted profit.

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**(b)** Calculate the following variances:

**(i)** material price

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**(ii)** material usage

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**(iii)** labour rate

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(iv) labour efficiency.

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**Additional information**

The fixed overhead variance is analysed as follows:

| | $ | |
|---|---|---|
| Fixed overhead expenditure | 1 000 | adverse |
| Fixed overhead volume | 20 000 | favourable |

**(c)** Explain the occurrence of the fixed overhead volume variance.

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**(d)** Prepare a statement reconciling the flexible budget profit with the actual profit.

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**Additional information**

One of the directors is of the opinion that the standard data is artificial resulting in a significant difference from the actual results. She suggests that W Limited should stop using the standard costing system.

**(e)** Advise the directors whether or not W Limited should stop using the standard costing system. Justify your answer.

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

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

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**Additional information**

The sales volume of Grand was less than expected.

One of the directors has learnt how using activity based costing (ABC) can affect pricing.

A further analysis of the manufacturing overheads is as follows:

| | $ |
|---|---|
| Purchase of material | 39 000 |
| Machine processing | 129 340 |
| Inspections | 23 660 |

**(b)** State **three** conditions which should be satisfied before a business may adopt ABC.

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**(c)** Calculate, to **two** decimal places, the unit selling price for **each** product using ABC.

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| Workings: |
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**(d)** Explain the difference in the unit selling price for **each** product as calculated in **(a)** and **(c)**.

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**(e)** Advise the directors whether or not they should use ABC in the coming year. Justify your answer.

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[Total: 25]

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