



# **Cambridge International AS & A Level**

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**ACCOUNTING**

**9706/42**

Paper 4 Cost and Management Accounting

**February/March 2025**

**INSERT**

**1 hour**

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**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.

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

**Source A for Question 1**

T plc is a manufacturing business which uses activity based costing (ABC) to apportion certain costs. The following information is available.

- 1 The company manufactures two products: X and Y.  
Annual production is 1000 units of X and 3000 units of Y.
- 2 The unit production costs of the products are as follows:

	X \$	Y \$
Direct materials	14.00	15.00
Direct labour	12.00	15.00
Direct overheads	10.00	11.00
Quality inspections	2.34	1.30
Machine set-ups	3.60	1.95
Factory rent	6.00	6.00
Total	47.94	50.25

- 3 Costs are apportioned using the following bases.

	X	Y
Quality inspections per year	300	500
Machine set-ups per year	40	65
Factory rent	per unit	

- 4 Selling prices are set at production cost plus 50%.

## Source B for Question 2

AG plc uses a system of budgetary control.

The company prepared the following budgets for periods ending March 2026.

### 1 Sales budget (all on credit)

	\$
November	96 000
December	88 000
January	102 000
February	100 000
March	92 000

### 2 Trade receivables budget

	January \$	February \$	March \$
Balance b/f	164 800	172 400	181 600
Sales	<u>102 000</u>	<u>100 000</u>	<u>92 000</u>
	266 800	272 400	273 600
Receipts – one month after sale	(17 600)	(20 400)	(20 000)
Receipts – two months after sale	(76 800)	(70 400)	(81 600)
Balance c/f	<u>172 400</u>	<u>181 600</u>	<u>172 000</u>

### 3 Budgeted statement of financial position at 31 March 2026

	\$
Non-current assets	426 000
Current assets	
Inventory	91 000
Trade receivables	172 000
Total assets	<u>689 000</u>
Equity	
Share capital	500 000
Retained earnings	77 320
Current liabilities	
Bank overdraft	22 180
Trade payables	89 500
Total equity and liabilities	<u>689 000</u>

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