



Cambridge International AS & A Level

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ACCOUNTING

9706/41

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.



[3]

(b) Calculate, to **two** decimal places, the internal rate of return (IRR) of:

(i) the new machine

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..... [3]

(ii) the upgraded machine.

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(c) Advise the directors which machine they should adopt if Product P were to be made. Justify your answer.

..... [7]

Additional information

One of the directors raises two issues before making the final decision.

- 1 In his opinion, the accounting rate of return (ARR) should be the only criterion for making the investment decision.
- 2 X Limited is currently making Product C which consistently generates an annual profit of \$200 000. If the directors decide to make Product P, 20% of the production capacity of Product C will need to be used for Product P.





(d) Assess the impact on the directors' decision to make Product P if these two issues are addressed. Support your answer with calculations.

[6]





2 Read Source B in the insert.

(a) State the steps taken if a manufacturing business wants to apply ABC.

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..... [4]

(b) Calculate, to **two** decimal places, the unit selling price for **each** product using the following costing methods to assign overhead costs:

(i) the existing method

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Workings:





(ii) ABC.

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Workings:

[7]





(c) Advise the directors whether or not they should use ABC for the coming year. Justify your answer.

[7]

[Total: 25]

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