



Cambridge International AS & A Level

CANDIDATE
NAME
CENTRE
NUMBER

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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.

1 Read Source A in the insert.

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

.....
.....
.....
.....
.....
.....
..... [3]

(b) Calculate the following variances:

(i) material price

.....
.....
.....
..... [2]

(ii) material usage

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.....
.....
..... [2]

(iii) labour rate

.....
.....
.....
..... [2]



(iv) labour efficiency.

.....
.....
.....
.....

[2]

Additional information

The fixed overhead variance is analysed as follows:

| | \$ | |
|----------------------------|-------|------------|
| Fixed overhead expenditure | 1000 | adverse |
| Fixed overhead volume | 20000 | favourable |

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

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.....
.....
.....

[2]

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

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.....

[5]



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.

[7]

[Total: 25]



2 Read Source B in the insert.

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

[5]



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.

1

.....

2

.....

3

.....

[3]



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

Workings:

[7]



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

[3]

[3]

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

[7]

[Total: 25]

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