



CANDIDATE
NAME

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CENTRE
NUMBER

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CANDIDATE
NUMBER

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9706/42

May/June 2024

1 hour

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 **12** pages. Any blank pages are indicated.

1 Read Source A in the insert.

- (a) Prepare the production budget (in units) for **each** of the months April, May, June and July 2025.

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..... [4]

Additional information

The budgeted cost structure of **each** unit is as follows:

	\$	
Direct materials	25	<p>These are purchased on credit in the month of production.</p> <ul style="list-style-type: none"> • One fifth (20%) is paid for in the month following purchase after a 5% discount. • Another fifth (20%) is paid for in the month following purchase but without any discount. • The remainder (60%) is paid for in the second month after purchase.
Direct labour	30	This is all paid in the month of production.
Other costs	40	These are all paid in the month after production, with the exception of a \$4 per unit charge for depreciation.

- (b) Prepare an extract from the cash budget for **each** of the months June and July 2025 to show the payments related to production.

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Workings:

[7]

(d) Advise the directors whether or not the company should accept the order. Justify your answer.

[7]

[Total: 25]

2 Read Source B in the insert.

- (a)** State why cost drivers are used in the application of activity based costing (ABC).

..... [1]

- (b)** Calculate the selling price of **one** unit of **each** product.

[illegible]

Workings:

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..... [7]

[Total: 25]

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