



# Cambridge International AS & A Level

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## ACCOUNTING

9706/41

Paper 4 Cost and Management Accounting

May/June 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 **12** pages. Any blank pages are indicated.



1 Read Source A in the insert.

(a) Complete the following table by calculating the net cash flow for **each** year of the project.

Year	Cost \$	Equipment \$	Tickets \$	Rental \$	Fixed costs \$	Administrative costs \$	Net cash flow \$
.....	.....	.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....	.....	.....
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[10]





**Additional information**

Waheed has a cost of capital of 10%. The discount factors for this are as follows:

Year	Discount factor
1	0.909
2	0.826
3	0.751
4	0.683

(b) Calculate the net present value (NPV) of the project, assuming that day tickets are sold.

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..... [4]



Year	Number of annual tickets sold	Total revenue \$
1	100	20 000
2	120	30 000
3	160	40 000
4	160	40 000

Waheed feels less confident about his projected revenue figures under this option.

- ..... [7]



**Additional information**

Waheed's brother uses the accounting rate of return (ARR) when considering his projects.

(d) State **two** advantages and **two** disadvantages of using ARR.

Advantages

1 .....

.....

2 .....

.....

Disadvantages

1 .....

.....

2 .....

.....

[4]

[Total: 25]



- ..... [1]

- [illegible]



Workings:

[7]

### Additional information

Terri is concerned about the expected bank overdrafts shown in the cash budget. She is considering two options.

#### Option 1

Terri could have a special promotion for the month of April **only**. She could reduce the selling price to \$45 per unit for all sales, with the expectation that this would increase sales by an extra 140 units.

#### Option 2

Terri could take advantage of a special offer from her suppliers. She could increase her purchases in April by 300 units and be able to buy all her units in that month for \$25 each.

(c) Calculate the **effect** that option 1 would have on Terri's overdraft, assuming that there is **no** change to purchases, at the end of:

(i) April

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..... [2]

(ii) May.

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..... [3]





(d) Calculate the **effect** that option 2 would have on Terri's overdraft, assuming there is **no** change to sales, at the end of:

(i) April

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..... [2]

(ii) May.

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[7]

[Total: 25]







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