Cambridge Assessment International Education

Cambridge International AS & A Level

CANDIDATE NAME

CENTRE NUMBER

CANDIDATE NUMBER

5958240391

ACCOUNTING **9706/41**

Paper 4 Cost and Management Accounting **October/November 2023**

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.

DC (PQ) 312030/1

1 **Read Source A in the insert.**

(a) State **two** purposes of preparing a **cash** budget.

1 ....

....

2 ....

....
[2]

(b) Prepare the cash budget for **each** of the months November, December and January.

....

....

....

....

....

....

....

....

....

....

....

....

....

....

....

....

....

....

....

....

....

....

....

....

....

....

....

....

Workings:

[12]

(c) Prepare the budgeted statement of profit or loss for the three-month budgeted period ending 31 January. Start your answer with the gross profit.

....

....

....

....

....

....

....

....

....

....

....

....

....

Workings:

[4]

Additional information

To improve the future cash position the directors have two options.

Option 1 Offer a cash discount of 2.5% to credit customers if they pay one month after sales. It is estimated that 80% of the credit customers will take the cash discount.

Option 2 Pay the suppliers two months after the purchases.

(d) Advise the directors which option, if either, they should choose. Justify your answer.

....

....

....

....

....

....

....

....

....

....

....

....

....

....

.... [7]

[Total: 25]

2 Read Source B in the insert.

(a) State **two** benefits of variance analysis.

1 ....

....

2 ....

.... [2]

(b) Calculate the following variances:

(i) sales price

....

....

....

.... [2]

(ii) sales volume (as a measure of change in profit)

....

....

....

.... [2]

(iii) direct material total

....

....

....

.... [2]

(iv) direct labour total

....

....

....

.... [2]

(v) fixed overhead total.

....

....

....

.... [2]

Additional information

Each unit requires two standard labour hours. The actual labour hours are 3456.

(c) Explain the likely reasons for the direct labour total variance calculated in **(b)(iv)**. Support your answer with the calculation of other relevant variances.

....

....

....

....

....

....

....

....

....

....

....

....

....

....

.... [6]

Additional information

The standard direct material used for each unit is 3 kilos at $6 per kilo. The actual price in July was $6.40 per kilo. The existing supplier has announced that the direct material price it charges will increase by 5% from August.

The directors have approached a new supplier who has quoted the price of $6.20 per kilo with a minimum of 10 000 kilos per order.

(d) Advise the directors whether or not they should change to the new supplier. Support your answer with relevant calculations.

....

....

....

....

....

....

....

....

....

....

....

....

....

....

....

....

.... [7]

[Total: 25]