



Cambridge International AS & A Level

 CANDIDATE
NAME


 CENTRE
NUMBER

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 CANDIDATE
NUMBER

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ACCOUNTING

9706/41

Paper 4 Cost and Management Accounting

May/June 2026
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. Do **not** use correction fluid or tape.
- 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) Explain **two** reasons why manufacturing businesses adopt activity based costing.

1

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2

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..... [4]

(b) Calculate the budgeted **unit** selling price for **each** of Essential and Premier, using activity based costing.

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Workings:

[11]

Additional information

The sales manager asks the directors to consider setting up a telephone hotline to provide better customer service for both products. This would incur additional overhead costs.

(c) (i) Identify an appropriate cost driver for these costs.

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..... [1]

(ii) Explain why this cost driver is appropriate.

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..... [2]





Additional information

G Limited compares the selling price of both products as calculated in **1(b)** with its competitor's prices. The selling price of Essential is the same as that of its competitor's price. The selling price of Premier is 16% higher than its competitor's price.

- (d)** Advise the directors whether or not the company should produce Premier if it has to reduce the selling price. Justify your answer and support it with relevant calculations.

[illegible]

Workings:

[7]

[Total: 25]





Turn over



2 Read **Source B** in the insert.

(a) Calculate the net cash inflows from selling 5000 units per annum using:

(i) the rented machine in year 1

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..... [4]

(ii) the purchased machine in year 1 and year 2.

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..... [5]



(b) Calculate for the purchased machine:

(i) the payback period (in years and months)

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..... [2]

(ii) the net present value (NPV).

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..... [4]

(c) State **three disadvantages** of the NPV method.

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3

..... [3]





(d) Advise the directors whether or not they should purchase the machine to replace the rented machine. Justify your answer and support it with relevant calculations.

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Workings:

[7]

[Total: 25]

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