



Cambridge International AS & A Level

 CANDIDATE
NAME


 CENTRE
NUMBER

--	--	--	--	--

 CANDIDATE
NUMBER

--	--	--	--

ACCOUNTING

9706/43

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

- (a)** Explain **two** reasons why manufacturing businesses adopt activity based costing.

1

.....

 [4]

[4]

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

.....

.....





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.

.....
..... [1]

(ii) Explain why this cost driver is appropriate.

.....
.....
.....
..... [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.

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

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

.....

.....

.....

.....

.....

.....

.....

..... [4]

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

.....

.....

.....

.....

.....

.....

.....

.....

.....

..... [5]





(b) Calculate for the purchased machine:

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

.....

.....

.....

..... [2]

(ii) the net present value (NPV).

.....

.....

.....

.....

.....

.....

.....

.....

.....

..... [4]

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

1

.....

2

.....

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.

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

Workings:

[7]

[Total: 25]

Permission to reproduce items where third-party owned material protected by copyright is included has been sought and cleared where possible. Every reasonable effort has been made by the publisher (Cambridge University Press & Assessment) to trace copyright holders, but if any items requiring clearance have unwittingly been included, the publisher will be pleased to make amends at the earliest possible opportunity.

To avoid the issue of disclosure of answer-related information to candidates, all copyright acknowledgements are reproduced online in our Copyright Acknowledgements Booklet. This is produced for each series of examinations and is freely available to download at www.cambridgeinternational.org after the live examination series.

Cambridge International Education is the name of our awarding body and a part of Cambridge University Press & Assessment, which is a department of the University of Cambridge.

