

Cambridge International AS & A Level

ACCOUNTING 9706/42

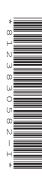
Paper 4 Cost and Management Accounting

May/June 2024

INSERT 1 hour

INFORMATION

- This insert contains all of the sources referred to in the questions.
- You may annotate this insert and use the blank spaces for planning. Do not write your answers on the insert.



Source A for Question 1

PM plc is a manufacturing company. Its sales budget for 2025 includes the following:

	Sales (units)
April	1000
May	1200
June	1500
July	1300
August	1100

It is the policy of the company that the inventory of finished goods at the end of each month should equal 20% of the expected sales in the coming month.

Source B for Question 2

Sooraj owns a factory which makes two products: Product A and Product B. He uses activity based costing (ABC).

The following information is available.

- 1 Annual production is 400 units of Product A and 500 units of Product B.
- 2 Budgeted per unit information includes:

	Product A	Product B
Total direct materials	\$80	\$66
Direct labour	3 hours at \$11 per hour	6 hours at \$13 per hour
Machine hours	3	6

3 Budgeted annual production overheads are all fixed costs and are comprised of:

	\$	
Quality inspections	8960	There are 210 inspections for Product A and 350 for Product B.
Order processing	12800	There are 120 orders for Product A and 200 for Product B.
Depreciation	8820	Machinery used has a carrying value of \$54000 for Product A and \$72000 for Product B.
Other overheads	18 000	These are apportioned on the basis of units produced.

4 Selling price for each product is calculated using a mark-up of 100% on production cost.

BLANK PAGE

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 (UCLES) 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 the Cambridge Assessment International Education 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 Assessment International Education is part of Cambridge Assessment. Cambridge Assessment is the brand name of the University of Cambridge Local Examinations Syndicate (UCLES), which is a department of the University of Cambridge.