www.dynamicpapers.com

Cambridge Assessment
International Education

Cambridge International AS & A Level

ACCOUNTING **9706/42**

Paper 4 Cost and Management Accounting **October/November 2025**

INSERT **1 hour**

1034597366-I

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.

DC (SL) 341349/2
© UCLES 2025

www.dynamicpapers.com

Source A for Question 1

G Limited has made a single type of product for three years and continues to do so. The company is preparing its budgets for the **second** quarter of 2026.

The following forecast information is available.

1 Sales forecast:

	February	March	April	May	June	July
Sales (units)	2600	2500	3200	3100	3000	2800

2 The selling price per unit is $80. It will increase by 5% in May. All sales are on credit, and customers are given two months' credit. However, 3% cash discount is allowed to those who pay within one month of sale. It is estimated that 25% of customers will settle their accounts within one month of sale.

3 Production of goods takes place one month before sale. Inventory of finished goods will be 5% of next month's sales.

4 Each unit of goods produced requires 3 kilos of direct material costing $8 per kilo. Purchases of direct material are made in the month of production with a credit period of one month.

G Limited keeps a base inventory of direct material. The base inventory at the end of February is expected to be 800 kilos but will reduce to 600 kilos from the end of May.

5 Direct wages and variable overheads of $20 per unit are paid in the month of production.

6 Monthly fixed overheads of $58 000 include depreciation amounting to $6000. Fixed overheads are paid in the month they are incurred and will be expected to increase by 7% from May due to inflation.

7 Promotion cost of $20 000 will be incurred in April.

8 The cash balance at 1 April is expected to be $38 000.

© UCLES 2025

www.dynamicpapers.com

Source B for Question 2

C Limited produces product M. The company has adopted the following standards for August.

Units produced and sold	8000
Unit selling price	$82
Direct material	4 kilos at $5 per kilo
Direct labour	3 hours at $15 per hour
Fixed overhead	$2.80 per labour hour

© UCLES 2025

www.dynamicpapers.com

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.

© UCLES 2025