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Cambridge Assessment International Education

# Cambridge International AS & A Level

CANDIDATE NAME

CENTRE NUMBER | | | | | |

CANDIDATE NUMBER | | | | |

*1911297378*

**ACCOUNTING** **9706/41**

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

**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.


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[Turn over

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

**(a)** Calculate the net present value (NPV) of:

**(i)** the new machine

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**(ii)** the upgraded machine.

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**(b)** Calculate, to **two** decimal places, the internal rate of return (IRR) of:

**(i)** the new machine

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**(ii)** the upgraded machine.

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**(c)** Advise the directors which machine they should adopt if Product P were to be made. Justify your answer.

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**Additional information**

One of the directors raises two issues before making the final decision.

1 In his opinion, the accounting rate of return (ARR) should be the only criterion for making the investment decision.

2 X Limited is currently making Product C which consistently generates an annual profit of $200 000. If the directors decide to make Product P, 20% of the production capacity of Product C will need to be used for Product P.

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**(d)** Assess the impact on the directors' decision to make Product P if these two issues are addressed. Support your answer with calculations.

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

**(a)** State the steps taken if a manufacturing business wants to apply ABC.

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**(b)** Calculate, to **two** decimal places, the unit selling price for **each** product using the following costing methods to assign overhead costs:

**(i)** the existing method

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Workings:

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**(ii)** ABC.

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Workings:

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**(c)** Advise the directors whether or not they should use ABC for the coming year. Justify your answer.

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[Total: 25]

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