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CANDIDATE NAME

CENTRE NUMBER | | | | | |

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ACCOUNTING **9706/43**

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) Prepare the flexible budget statement for March showing the budgeted profit.

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..... [3]

(b) Calculate the following variances:

(i) material price

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..... [2]

(ii) material usage

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(iii) labour rate

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(iv) labour efficiency.

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Additional information

The fixed overhead variance is analysed as follows:

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Fixed overhead expenditure	1 000	adverse
Fixed overhead volume	20 000	favourable

(c) Explain the occurrence of the fixed overhead volume variance.

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(d) Prepare a statement reconciling the flexible budget profit with the actual profit.

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Additional information

One of the directors is of the opinion that the standard data is artificial resulting in a significant difference from the actual results. She suggests that W Limited should stop using the standard costing system.

(e) Advise the directors whether or not W Limited should stop using the standard costing system. Justify your answer.

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2 Read Source B in the insert.

(a) Calculate, to **two** decimal places, the unit selling price for **each** product using the traditional method.

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Additional information

The sales volume of Grand was less than expected.

One of the directors has learnt how using activity based costing (ABC) can affect pricing.

A further analysis of the manufacturing overheads is as follows:

	$
Purchase of material	39 000
Machine processing	129 340
Inspections	23 660

(b) State **three** conditions which should be satisfied before a business may adopt ABC.

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(c) Calculate, to **two** decimal places, the unit selling price for **each** product using ABC.

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Workings:

[7]

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(d) Explain the difference in the unit selling price for **each** product as calculated in **(a)** and **(c)**.

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(e) Advise the directors whether or not they should use ABC in the coming year. Justify your answer.

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[Total: 25]

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