



# Cambridge International AS & A Level

CANDIDATE  
NAME

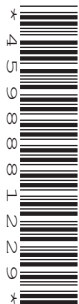
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CENTRE  
NUMBER

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CANDIDATE  
NUMBER

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## ACCOUNTING

9706/42

Paper 4 Cost and Management Accounting

February/March 2024

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. Any blank pages are indicated.

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

(a) Explain why non-financial factors are disregarded by traditional investment appraisal techniques.

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..... [2]

(b) Suggest **two** non-financial factors which are disregarded by traditional investment appraisal techniques.

1 .....

2 ..... [2]

**Additional information**

The directors of RP plc are considering paying \$100 000 to acquire a licence. This would give the company the right to manufacture and sell a product for the next four years.

The following budgeted information is available.

Year	Units produced and sold	Selling price per unit \$	Variable costs per unit \$
1	6 000	19	11
2	10 000	22	11
3	8 000	18	13
4	4 000	15	14

Fixed costs excluding amortisation (depreciation) are expected to amount to \$19 000 per annum.

(c) Calculate the net cash flow expected to arise in **each** of the years 1 to 4.

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..... [4]









(iii) direct labour rate

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..... [2]

(iv) direct labour efficiency.

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..... [2]

**Additional information**

The actual fixed overheads for the month amounted to \$78 000.

The fixed overhead expenditure variance was \$2000 favourable, and the fixed overhead volume variance was \$10 000 adverse.

(c) Explain why the fixed overhead volume variance was adverse. Your answer should consider the sub-variances of the fixed overhead volume variance, but calculation of these is **not** required.

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