



# Cambridge International AS & A Level

CANDIDATE  
NAME



CENTRE  
NUMBER

--	--	--	--	--

CANDIDATE  
NUMBER

--	--	--	--



## ACCOUNTING

9706/42

Paper 4 Cost and Management Accounting

February/March 2026

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. Do **not** use correction fluid or tape.
- 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 **12** pages. Any blank pages are indicated.





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

(a) Prepare a costing statement to show the unit selling price for **each** product, using absorption costing.

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

Workings:

[5]



DO NOT WRITE IN THIS MARGIN





**Additional information**

A new competitor selling similar products entered the market recently. The sales director found that the unit selling prices of Alpha and Beta are different from the competitor's products. The management accountant has suggested using activity based costing (ABC) to apportion the component fixed overheads with the appropriate cost drivers.

Further information is also available:

1 Budgeted fixed overheads are analysed as follows:

	\$	<b>cost drivers</b>
machine set-up	104 000	number of machine set-ups
materials requisition	64 000	number of materials requisitions
machine operating expenses	72 000	number of machine hours
factory supervisors' salaries	120 000	number of labour hours
total budgeted fixed overheads	360 000	

2 Information on the activity usage is as follows:

	<b>Alpha</b>	<b>Beta</b>
number of machine set-ups	28	24
number of materials requisitions	12	18

(c) Define the term 'cost driver'.

.....

..... [1]

(d) Define the term 'activity based costing' (ABC).

.....

.....

.....

..... [2]

DO NOT WRITE IN THIS MARGIN





(e) Calculate the fixed overheads per unit for **each** product, using ABC.

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

Workings:

[5]

[Turn over



DO NOT WRITE IN THIS MARGIN



(f) Calculate the unit selling price for **each** product, using ABC.

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

..... [2]

DO NOT WRITE IN THIS MARGIN

DO NOT WRITE IN THIS MARGIN

DO NOT WRITE IN THIS MARGIN

DO NOT WRITE IN THIS MARGIN

DO NOT WRITE IN THIS MARGIN









**Additional information**

The actual results for the three-month period were as follows:

units produced and sold	4000
	<b>\$</b>
sales	740 000
direct materials	252 720
direct labour	353 400
fixed overheads	<u>131 000</u>
profit	<u>2 880</u>

GL Limited conducted a variance analysis.

(c) Calculate the following variances:

(i) total materials

.....

.....

.....

.....

..... [2]

(ii) total labour

.....

.....

.....

.....

..... [2]

(iii) total fixed overheads.

.....

.....

.....

.....

..... [2]



DO NOT WRITE IN THIS MARGIN



\* 00080000011 \*

DFD



DO NOT WRITE IN THIS MARGIN





---

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 (Cambridge University Press & Assessment) 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 our Copyright Acknowledgements Booklet. This is produced for each series of examinations and is freely available to download at [www.cambridgeinternational.org](http://www.cambridgeinternational.org) after the live examination series.

Cambridge International Education is the name of our awarding body and a part of Cambridge University Press & Assessment, which is a department of the University of Cambridge.

