



Cambridge International AS & A Level

CANDIDATE
NAME

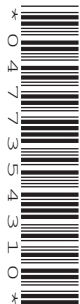
--

CENTRE
NUMBER

--	--	--	--	--

CANDIDATE
NUMBER

--	--	--	--



ACCOUNTING

9706/41

Paper 4 Cost and Management Accounting

May/June 2023

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) Calculate:

(i) the net present value (NPV) of the dig

.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....

[9]

(ii) the payback period

.....
.....
.....
.....
.....
..... [3]

(iii) the accounting rate of return (ARR).

.....
.....
.....
.....
.....
..... [4]

- (b) Advise Barry whether or not he should go ahead with the dig in the farmer's field. Justify your answer.

.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....

[7]

- (c) State **two** disadvantages of using ARR for investment decisions.

1

2

.....

[2]

[Total: 25]

2 Read Source B in the insert.

(a) Prepare the production budget (in units) for **each** of the months from January to April.

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

..... [7]

(b) Explain how the budgeted revenue for the four months from January to April should be calculated.

.....

.....

.....

..... [2]

Additional information

At present, storage space is limited, such that the maximum number of units which can be held in inventory is 3200.

(c) Advise the directors of the company whether or not they should invest in a new, larger storage facility. Justify your answer.

.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....

[7]

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.