Cambridge Assessment International Education

Cambridge International AS & A Level

ACCOUNTING **9706/43**

Paper 4 Cost and Management Accounting **May/June 2025**

INSERT **1 hour**

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INFORMATION

- This insert contains all of the sources referred to in the questions.
- You may annotate this insert and use the blank spaces for planning. **Do not write your answers** on the insert.

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Source A for Question 1

Waheed wanted to start a project to tap into the expanding leisure industry.

He decided to buy the fishing rights for a nearby river and then sell the right to fish in that river to individuals via ticket sales. He thought he could also rent out some fishing equipment. He was unsure whether he would sell day tickets or annual tickets.

He provided the following information.

1 The fishing rights would cost $57 000 at the start of the project and last for four years.

2 Waheed thought the fishing equipment he would rent out would have a life of two years. Therefore, he would spend $5000 at the start of the project and $6000 at the end of year 2.

3 Fixed costs, consisting of advertising and the employment of an assistant to handle the sale of the tickets, were expected to amount to $9800 in each of the years 1 and 2, $9400 in year 3 and $9100 in year 4.

4 Waheed estimated that the variable administrative costs would be $0.80 for each day ticket sold in the years 1 to 3, and $0.90 for each day ticket sold in year 4.

5 If he decided to sell day tickets, his estimates for sales were as follows:

Year	Number of day tickets sold	Price per day ticket $
1	660	30
2	740	40
3	900	40
4	900	40

6 Waheed would charge $10 per day for rental of the fishing equipment. He estimated that 20% of purchasers of day tickets would also require the equipment rental.

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Source B for Question 2

Terri trades in one product. She prepares monthly cash and other budgets.

She provided the following budgeted information.

1 Budgeted sales and purchases were:

	Sales units	Unit selling price $	Purchases units	Unit purchase price $
January	800	50	830	30
February	850	50	840	30
March	910	50	850	32
April	880	52	900	32
May	870	52	860	34
Total	4310		4280	

2 Half of sales are expected to be for cash. Credit customers pay in full in the month following sale. There are not expected to be any receipts other than those from customers.

3 Cash purchases make up 10% of all purchases. Of the credit purchases, Terri pays half in the month after purchase after deducting 5% cash discount. She pays the remainder in the second month after purchase.

Expenditure, other than payments to suppliers, is all paid in the month in which it is incurred. This is all comprised of fixed costs.

4 The inventory at 1 January was expected to be 200 units.

5 The month end balances shown by the cash budget were all **overdrawn** by the following amounts.

Month end	$
February	6 000
March	6 198
April	7 916
May	11 892

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