



## **Course Book**

06/2023

### **Chapter 1 Illustration 9 solutions page 21**

Political factor Illustration 9 working (i) "since actual overheads incurred were £800,000" - should be £300,000 and not £800,000.

### **Chapter 2 Illustration 7 page 49**

The "adjusted sales" for 20X4 in the second table should read 462,301

### **Chapter 3 Activity 10 solutions page 330**

Political factors could have a significant effect on the budget. The materials are being exported from overseas and there may be tariffs imposed by the overseas government which will lead to an increase in the material cost. With all the materials being purchased from one country, a shortfall in supply will have a detrimental effect on satisfying consumer demand and eventually could lead to an increase in costs and loss of customer goodwill if customer demand cannot be met.

Although Scandinavia is a regular supplier of wood, it would still be important to check that the quality standards and legislation are at least as stringent as in the UK, as this could lead to additional costs being incurred on reworking or returns. In addition, having waste would affect the resources available and damage the environment. Litigation due to poor quality products should also be something that the Production Director must be mindful of.

In the current environment, rising costs due to inflation will need to be considered as well as competitor actions who may try to source cheaper materials of a similar quality from elsewhere. Therefore, alternative suppliers of wood should also be considered.

(Alternative suggestions will gain credit)

### **Chapter 3 Activity 11 solutions page 330**

The organisation should carry out an analysis of the market and look at factors such as customer tastes. It may well be that their products are out-dated and not acceptable to consumers which may cause demand to be lower than forecast. As well as this, price will also be an important factor as it may be that the products may be either under or over-priced which may lead consumers to go elsewhere to buy sunglasses.

Secondly, the company could move to a rolling forecast approach which would shorten the time between budgets being produced and hopefully lead to more accurate budgets. These will reduce the large sales variances being caused.

(Alternative suggestions will gain credit)

### **Chapter 5 Activity 5a page 331**

Solution to activity 5 (a) is missing the balancing figure for kg used in production (should be 15,000 kg).

### **Chapter 5 Activity 2 page 121**

Other overheads should be shown as £650 for March and April, and £675 for May, June and July

### **Chapter 7**

Page 156 para 4.2.3 "To calculate the ~~usage~~ variance," should be efficiency

Page 157 para 4.2.4 "The sum of the ~~price and usage~~ variances should equal the total ~~materials~~ cost variance as follows:" Should be rate and efficiency, and then labour.

Page 157 para 4.2.4 the tabulated working should read "Total labour cost variance" not materials.

Page 167 para 7.1.3 "...and the standard ~~profit~~ per unit if the company is using marginal costing." Should be contribution.

### **Chapter 9 Illustration 1 page 196**

The Illustration uses an inconsistent number of units output for product B. If the number is retained at 25000 throughout, this will require changes to be made to the OAR per labour hour £2.24 and to the product cost.

### **Chapter 11 Activity 4 solutions page 347**

The demand function for purses should be  $p \leq 250$  and not  $h \leq 250$