

Workbook For exams in September 2022 to June 2023

02/2022

Chapter 17 Illustration 1: Calculating a revised budget p347

The revised budget should say:

Revised budget for Period 1

	\$
Sales revenue $((2,000 \times \$50) + (500 \times \$100 \times 95\%))$	147,500
Material costs X $(2,000 \times 5\text{kg} \times \$4.5)$	45,000
Material costs Z $(500 \times \$23 \times 1.5)$	17,250
Labour costs $((2,000 \times 3 \times \$5) + (500 \times 2 \times \$5)) \times 0.95$	33,250
Variable overheads $((2,000 \times 3 \times \$3) + (500 \times 2 \times \$3)) \times 0.95$	19,950
Fixed overheads	12,000
Profit	20,050

Chapter 21, Context example: Value for money p448

The example is not correct. More clean plates per \$ spent is a measure of efficiency.

The context example should be replaced with:

Economy refers to inputs, such as money or other resources such as labour, materials, time and their cost. For example, in a state-run hospital this would include the price paid for drugs (compared with a budget or open market prices).

Efficiency refers to the process. For example, in a state-run hospital this could be the cost per successful heart operation. This is usually some ratio of economy and effectiveness measures.

Effectiveness refers to outputs, meaning the results of an activity. In the case of a state-run hospital this may include, for example, the percentage of patients recovering from heart surgery.