

**Course Book**

01/2024

**Chapter 1 Activity 6, page 23**

The basic data for Other variable production costs indicates (£ per unit). This should be just (£)

**Chapter 1 Test Your Learning question 6 - Solutions page 374**

The numerator in the OAR calculation should be £9,000 not £9,600

$$* \text{ Overhead absorption rate} = \frac{\text{£9,600}}{600 \text{ direct labour hours}} \\ = \text{£15 per direct labour hour}$$

**Chapter 2 Activity 5, page 66**

The sales should be in units rather than £. Ie 34,800 units, 36,000 units and 37,200 units

**Chapter 3 Activity 9 page 93**

The model answer includes a reference to programme based budgeting, which is not included in the syllabus. An alternative such as activity based budgeting would be more suitable.

**Chapter 11 Illustration 4 Farnham Engineering page 268**

The fixed costs and profit figures (underlined in the table below) are incorrect.

	A	B	C	Total
Contribution	(£4 × 3,000) £12,000	(£8 × 5,000) £40,000	(£7 × 5,000) £35,000	
Fixed costs	(£2 × 3,000) (£6,000)	<u>(£5 × 5,000)</u> <u>(£25,000)</u>	(£4 × 5,000) (£20,000)	
Profit	£6,000	<u>£15,000</u>	£15,000	£36,000

The figures should be:

**Fixed costs** (£5 × 7000) = £35,000

**Profit** = £5,000

**Chapter 11 Activity 3 page 279**

The model answer uses fixed costs per unit, rather than total fixed costs, to calculate profit.

The table should read

	A	B	C	Total
Contribution per unit	£50	£40	£30	
Units produced	30	50	50	
Total contribution	£1,500	£2,000	£1,500	
Fixed costs (£20 x 50)	(£1,000)	(£1,000)	(£1,000)	
Total Profit	£500	£1,000	£500	£2,000