

COURSEBOOK

12/2019

P.10

On the graph of total fixed costs, the label on the y-axis should read "Total Cost" instead of "Cost per unit".

P.42

The labour cost of \$5 per hour is missing from the question.

P43

The solution mixes up £ and \$ signs.

P.74

Under Throughput return, the final sentence should read "like contribution, but only VC is material" instead of ""like contribution, but only vs. is material".

P.86

Activity 1 the options should be: \$100, \$127,100, \$136,900 and \$143,700

P.95

Activity 1 the correct answer is: \$143,700.

Revised explanation:

Proportion of actual annual costs related to X = $\$1,217,200 \times 0.6 \times 0.7 = \$511,224$

Per unit of X: $\$511,224/4,520 = \113.10

Cost for 1,210 units = $1,210 \times \$113.10 = \$136,854$

Inflated cost = $\$136,854 \times 1.05 = \$143,697$.

\$100 is the budgeted cost per unit of X. If you selected \$127,100 you forgot to adjust the quantity. If you selected \$136,900 you forgot to inflate the cost.

P.128

The value of 'b' in the equation reads as 0.3354 but it should be 0.3554.

P.206

Activity 1 answer

Contribution per unit is incorrect. It should be A \$50, B \$40 and C \$45.

The contribution per kg should be A \$5, B \$6.67 and C \$15.

Ranking remains the same, but the total contribution should be as follows:

A \$1,750, B \$2,200 and C \$2,475

P.207

Activity 2 answer

Shadow price is \$5, not \$4.50 due to error in activity 1 (see above for detail)

P.207

Activity 3 answers should include special contract too.

A – 192 units, J 450 units and L 192 units

P.229

Activity 8 in the answer to part (2) the value of VC \$12 and Fixed costs \$100,000 should be \$23,200 and the EV under the table should then add to \$245,500 (it is correct in the table above the workings).

P.237

In section 9.1.2, the end of the first bullet point should read “likely to change simultaneously” rather than “likely to chance simultaneously”

P.271

The rows in the standard cost card at the top of the page are misaligned and should be as follows:

An example of a standard cost card is given below.

| STANDARD COST CARD | | | | |
|----------------------------------|-------------|--------------------|--------------|--------------|
| Product: the Splodget, No 12345 | | | | |
| | <i>Cost</i> | <i>Requirement</i> | \$ | \$ |
| Direct materials | | | | |
| A | \$2.00 per | 6 kg | 12.00 | |
| | kg | | | |
| B | \$3.00 per | 2 kg | 6.00 | |
| | kg | | | |
| | \$4.00 per | 1 litre | 4.00 | |
| | litre | | | |
| Others | | | <u>2.00</u> | |
| | | | | 24.00 |
| Direct labour | | | | |
| Grade I | \$4.00 per | 3 hours | 12.00 | |
| | hour | | | |
| Grade II | \$5.40 per | 5 hours | <u>27.00</u> | |
| | hour | | | |
| | | | | 39.00 |
| Variable production overheads | \$1.00 per | 8 hours | | 8.00 |
| | hour | | | |
| Fixed production overheads | \$3.00 per | 8 hours | | <u>24.00</u> |
| | hour | | | |
| Standard full cost of production | | | | <u>95.00</u> |