1. At 3,000 meals with v = 1.20 and F = 4,200: the unit cost, to two decimals?

   _____ £

2. F = 4,200, CM = 3.40. Break-even in meals (nearest whole)?

   _____ meals

3. Overhead pool 7,560 over 2,100 budgeted direct labour hours. The rate per hour?

   _____ £/h

4. July sales 4,000; closing inventory 10% of August (4,200); opening 400. Production, in meals?

   _____ meals

5. Standard 0.25 kg/meal at 2.40; actual 1,050 kg for 4,020 meals. The usage variance?

   _____ £ A

6. The +280 says accept. Which fact could reverse it?

   ☐ the allocated rent share inside 4.10

   ☐ last month's flour variance

   ☐ the sunk machine's remaining book value

   ☐ the 3.60 price leaking into normal channels and eroding the 6.50 list

7. High-low computed across the step (2,000 and 8,000 meals) returns 1.35 a meal. What happened?

   ☐ fixed cost fell

   ☐ variable cost rose with volume

   ☐ the data were wrong

   ☐ the supervisor step was wrongly turned into a variable cost

8. The mix drifts to 50:50. What happens to break-even?

   ☐ unchanged - the mix does not matter

   ☐ rises - the bundle CM falls to 2.20 because Beta carries the lower margin

   ☐ falls - more Beta, cheaper meals

   ☐ cannot be computed

9. Splitting overhead into a machine-hour pool and a labour-hour pool is best described as:

   ☐ a way to raise the absorption rate

   ☐ a pricing decision about who pays for capacity

   ☐ a bookkeeping formality

10. August demand collapses to 3,700. The honest production budget is 3,650 (3,700 + 370 - 420), but the manager overproduces toward 4,020. What is the cost of hitting the old target?

    ☐ only the storage fee

    ☐ roughly 370 extra meals park 370 of fixed cost in inventory - profit the cash cannot find

    ☐ nothing; inventory is an asset

    ☐ the variance report catches it instantly

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1. **2.6 £**

   $1.20 + 4{,}200/3{,}000 = 1.20 + 1.40 =$ £2.60. The marginal cost of one more meal is only £1.20.

2. **1235 meals**

   $4{,}200/3.40 = 1{,}235.3 \approx 1{,}235$ meals, or £8,029 of sales.

3. **3.6 £/h**

   7,560/2,100 = £3.60 an hour - variable 0.80 a meal plus fixed 4,200, pooled at normal capacity 4,200 meals.

4. **4020 meals**

   $4{,}000 + 420 - 400 = 4{,}020$. The inventory policy is the hinge between sales and production.

5. **108 £ A**

   Standard kg $= 4{,}020 \times 0.25 = 1{,}005$; $(1{,}050 - 1{,}005) \times 2.40 =$ £108 adverse - the kitchen's leaf.

6. **the 3.60 price leaking into normal channels and eroding the 6.50 list**

   Gate 2: erosion. If regular customers learn of 3.60, the order can cost far more than 280 in lost margin - that is relevant.

7. **the supervisor step was wrongly turned into a variable cost**

   Crossing a threshold mixes the step into the slope. High-low is only honest within one relevant range.

8. **rises - the bundle CM falls to 2.20 because Beta carries the lower margin**

   Bundle CM $= 0.5 \times 2.60 + 0.5 \times 1.80 =$ £2.20 $<$ 2.28: break-even rises to $4{,}200/2.20 = 1{,}909$ bundles.

9. **a pricing decision about who pays for capacity**

   Drivers decide which products carry which costs - J-77's overhead fell from 432 to 173 when the pools split. That is allocation with consequences.

10. **roughly 370 extra meals park 370 of fixed cost in inventory - profit the cash cannot find**

    Absorption parking (unit 0603) meets the budget target: about $370 \times$ £1.00 of fixed cost sits in stock while the P&L smiles. The target, not the arithmetic, was wrong.

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