Solutions

Marking: **K** knowledge, **App** use of the case or data, **An** analysis (a chain of reasons: cause, then effect), **Ev** evaluation (a judgement with a reason). In calculations, **M1** is for the method and **A1** for the answer; **B1** is an independent mark.

Each answer shows the steps, then the **result**.

2.1

$5{,}000 + 600 - 500 =$ **5**,**100** units

2.2

$0.6 \times 20{,}000 + 0.4 \times 15{,}000 =$ £**18**,**000**

2.3

need 10,200 kg

$10{,}200 + 1{,}000 - 800 =$ **10**,**400** kg

$\times 1.50 =$ £**15**,**600**

2.4

original budget £20,000: actual looks £1,000 under

flexible budget $3 \times 3{,}500 + 8{,}000 =$ £18,500

actual is £**500 over** the flexible budget: adverse

3.1

(a) £9,000, £11,000, £13,500

(b) materials 3,200, 4,000, 4,800; payments £7,700, £14,500, £9,300

(c) £3,300, −£**200**, £4,000

(d) e.g. pay for the oven in March, or arrange a small overdraft for February

3.2

(a) April 3,000+350−300 = **3**,**050**; May 3,500+400−350 = **3**,**550**; June 4,000+420−400 = **4**,**020**

(b) to meet orders if demand is higher than planned; so production can run smoothly from month to month

3.3

(a) $4{,}100 - 3{,}600 = 500$: £**500**; forecast target: no bonus, £**0**

(b) slack is a target set below the expected result; she gains £500 for a month that was below forecast

(c) **4**: participation is useful, because she knows customers (K); but her target should be checked against the independent forecast (App); paying for results against a flexible or rolling target, or sharing a team profit pool, cuts the reward for slack (An); judgement, e.g. set the target as the forecast, with her changes justified in writing (Ev). **2**–**3**: methods named, little use of the case. **1**: one relevant point.

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