

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 laundered 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 3,730 ($3,700 + 370 - 340$), but the manager overproduces toward 4,020. What is the cost of hitting the old target?

☐ nothing; inventory is an asset

☐ the variance report catches it instantly

☐ roughly 290 extra meals park 290 of fixed cost in inventory - profit the cash cannot find

☐ only the storage fee

1. **2.6 £**

$1.20 + 4,200/3,000 = 1.20 + 1.40 = \text{£}2.60$. 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**

$7,560/2,100 = \text{£}3.60$ 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 = $4,020 \times 0.25 = 1,005$; $(1,050 - 1,005) \times 2.40 = \text{£}108$ 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 laundered 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 = $0.5 \times 2.60 + 0.5 \times 1.80 = \text{£}2.20 < 2.28$: 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 290 extra meals park 290 of fixed cost in inventory - profit the cash cannot find**

Absorption parking (unit 0603) meets the budget target: about $290 \times \text{£}1.00$ of fixed cost sits in stock while the P&L smiles. The target, not the arithmetic, was wrong.