Management Accounting Techniques Workbook Corrections

2021 Printing

Page 118   activity 3.1

The breakdown of pay for L Constantinou should be:

Basic pay £512
Overtime premium rate 1 £0
Overtime premium rate 2 £32
Gross pay for week £544

Page 241   Task 2(b) (iii)

The overheads absorbed for the packing department should be £101,487 (not £99,328)

Replace the answer with:

Department	£	over-absorbed	under-absorbed
Bottling	2,499		✔
Packing	0		

Note: neither over-absorbed or under-absorbed is ticked for the Packing department as the amount is £0.

In the spreadsheet on page 265 which shows the formulas, the entries in column M for rows 5:16 should reference column L rather than column C. Rows 17 onwards correctly reference column L. This change means that the figures in M5:M16, and the total in M37 will need to be corrected.

The revised screen shots of these two spreadsheets are shown below. The revised answer spreadsheet has been uploaded to the Osborne Books website. Please ensure you are using the most up-to-date version when you check your answers.

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O
1	So Good Sofas Ltd		Labour cost per hour	£20.00											
2	Production and sales information														
3	Year ended 30 June 20-6														
4	Product Line	Colour	Number of items produced	Material used per item, metres	Material cost per metre £	Total materials cost £	Labour per item, hrs	Total labour cost £	Variable overheads per item £	Total variable overhead cost £	Marginal cost of production £	Number of items sold	Sales revenue £	Items in closing inventory	Closing inventory value £
5	Loft Living	Grey	625	7.80	26.00	126,750	9.50	118,750	43.20	27,000	272,500	544	434,656	81	35,316
6	Loft Living	Cream	500	7.80	27.60	107,640	9.50	95,000	43.20	21,600	224,240	235	187,765	265	118,847
7	Loft Living	Blue	850	7.80	30.24	200,491	9.50	161,500	43.20	36,720	398,711	808	645,592	42	19,701
8	Loft Living	Black	628	7.80	30.80	150,871	9.50	119,320	43.20	27,130	297,320	596	476,204	32	15,150
9	Loft Living	Red	579	7.80	26.30	118,776	9.50	110,010	43.20	25,013	253,799	544	434,656	35	15,342
10	Loft Living	Orange	208	7.80	26.56	43,091	9.50	39,520	43.20	8,986	91,597	188	150,212	20	8,807
11	Sienna	Cream	375	6.00	19.60	44,100	7.50	56,250	54.00	20,250	120,600	233	139,567	142	45,667
12	Sienna	Navy	585	6.00	20.80	73,008	7.50	87,750	54.00	31,590	192,348	490	293,510	95	31,236
13	Sienna	Stone	458	6.00	22.40	61,555	7.50	68,700	54.00	24,732	154,987	384	230,016	74	25,042
14	Sienna	Kashmir	923	6.60	23.60	143,766	7.50	138,450	54.00	49,842	332,058	815	488,185	108	38,854
15	Havanna	Kashmir	300	6.80	25.60	52,224	12.50	75,000	31.20	9,360	136,584	296	177,304	4	1,821
16	Havanna	Terracota	468	6.80	28.40	90,380	12.50	117,000	31.20	14,602	221,982	465	278,535	3	1,423
17	Havanna	Cream	366	6.80	21.30	53,011	12.50	91,500	31.20	11,419	155,931	348	208,452	18	7,669
18	Havanna	Natural	538	6.80	21.20	77,558	12.50	134,500	31.20	16,786	228,844	461	276,139	77	32,753
19	Havanna	Stone	540	6.80	23.20	85,190	12.50	135,000	31.20	16,848	237,038	444	265,956	96	42,140
20	Urbana	Grey	915	6.30	29.40	169,476	9.50	173,850	36.00	32,940	376,266	869	694,331	46	18,916
21	Urbana	Cream	422	6.30	29.60	78,695	9.50	80,180	36.00	15,192	174,067	401	320,399	21	8,662
22	Urbana	Blue	639	6.30	31.20	125,602	9.50	121,410	36.00	23,004	270,016	595	475,405	44	18,593
23	Urbana	Black	474	6.30	30.60	91,378	9.50	90,060	36.00	17,064	198,502	371	296,429	103	43,134
24	Urbana	Kashmir	261	6.30	29.50	48,507	9.50	49,590	36.00	9,396	107,493	243	194,157	18	7,413
25	Cosy Comfort	Burgundy	358	6.60	32.80	77,500	12.50	89,500	38.40	13,747	180,747	232	185,368	126	63,615
26	Cosy Comfort	Emerald	770	6.60	34.00	172,788	12.50	192,500	38.40	29,568	394,856	696	556,104	74	37,947
27	Cosy Comfort	Cream	961	6.60	32.00	202,963	12.50	240,250	38.40	36,902	480,116	825	659,175	136	67,946
28	Cosy Comfort	Grey	879	6.60	33.00	191,446	12.50	219,750	38.40	33,754	444,950	766	612,034	113	57,201
29	Cosy Comfort	Natural	535	6.60	32.00	112,992	12.50	133,750	38.40	20,544	267,286	348	278,052	187	93,425
30	Cosy Comfort	Navy	633	6.60	34.00	142,045	12.50	158,250	38.40	24,307	324,602	561	448,239	72	36,922
31	Savanna	Kashmir	463	6.00	28.00	77,784	9.50	87,970	37.20	17,224	182,978	378	245,700	85	33,592
32	Savanna	Stone	308	6.00	29.60	54,701	9.50	58,520	37.20	11,458	124,678	203	131,950	105	42,504
33	Savanna	Cream	603	6.00	31.20	112,882	9.50	114,570	37.20	22,432	249,883	554	360,100	49	20,306
34	Savanna	Natural	913	6.00	31.20	170,914	9.50	173,470	37.20	33,964	378,347	840	546,000	73	30,251
35	Savanna	Grey	605	6.00	28.80	104,544	9.50	114,950	37.20	22,506	242,000	584	379,600	21	8,400
36	Savanna	Terracota	373	6.00	31.20	69,826	9.50	70,870	37.20	13,876	154,571	343	222,950	30	12,432
37	Total					3,432,454		3,717,690		719,753	7,869,897	15,660	11,292,742	2,395	1,041,026
38															
39															

	A	F	G	H	I	J	K	L	M	N	O
1	So Good Sofas Ltd										
2	Production and sales information										
3	Year ended 30 June 20-6										
4	Product Line	Total materials cost £	Labour per item, hrs	Total labour cost £	Variable overheads per item £	Total variable overhead cost £	Marginal cost of production £	Number of items sold	Sales revenue £	Items in closing inventory	Closing inventory value £
8	Loft Living	=E8*D8*C8	9.5	=G8*D51*C8	43.2	=I8*C8	=J8+H8+F8	596	=VLOOKUP(A8,Pricing!$A$3:$B$8,2,FALSE)*L8	=C8-L8	=N8/C8*K8
9	Loft Living	=E9*D9*C9	9.5	=G9*D51*C9	43.2	=I9*C9	=J9+H9+F9	544	=VLOOKUP(A9,Pricing!$A$3:$B$8,2,FALSE)*L9	=C9-L9	=N9/C9*K9
10	Loft Living	=E10*D10*C10	9.5	=G10*D51*C10	43.2	=I10*C10	=J10+H10+F10	188	=VLOOKUP(A10,Pricing!$A$3:$B$8,2,FALSE)*L10	=C10-L10	=N10/C10*K10
11	Sienna	=E11*D11*C11	7.5	=G11*D51*C11	54	=I11*C11	=J11+H11+F11	233	=VLOOKUP(A11,Pricing!$A$3:$B$8,2,FALSE)*L11	=C11-L11	=N11/C11*K11
12	Sienna	=E12*D12*C12	7.5	=G12*D51*C12	54	=I12*C12	=J12+H12+F12	490	=VLOOKUP(A12,Pricing!$A$3:$B$8,2,FALSE)*L12	=C12-L12	=N12/C12*K12
13	Sienna	=E13*D13*C13	7.5	=G13*D51*C13	54	=I13*C13	=J13+H13+F13	384	=VLOOKUP(A13,Pricing!$A$3:$B$8,2,FALSE)*L13	=C13-L13	=N13/C13*K13
14	Sienna	=E14*D14*C14	7.5	=G14*D51*C14	54	=I14*C14	=J14+H14+F14	815	=VLOOKUP(A14,Pricing!$A$3:$B$8,2,FALSE)*L14	=C14-L14	=N14/C14*K14
15	Havanna	=E15*D15*C15	12.5	=G15*D51*C15	31.2	=I15*C15	=J15+H15+F15	296	=VLOOKUP(A15,Pricing!$A$3:$B$8,2,FALSE)*L15	=C15-L15	=N15/C15*K15
16	Havanna	=E16*D16*C16	12.5	=G16*D51*C16	31.2	=I16*C16	=J16+H16+F16	465	=VLOOKUP(A16,Pricing!$A$3:$B$8,2,FALSE)*L16	=C16-L16	=N16/C16*K16
17	Havanna	=E17*D17*C17	12.5	=G17*D51*C17	31.2	=I17*C17	=J17+H17+F17	348	=VLOOKUP(A17,Pricing!$A$3:$B$8,2,FALSE)*L17	=C17-L17	=N17/C17*K17
18	Havanna	=E18*D18*C18	12.5	=G18*D51*C18	31.2	=I18*C18	=J18+H18+F18	461	=VLOOKUP(A18,Pricing!$A$3:$B$8,2,FALSE)*L18	=C18-L18	=N18/C18*K18
19	Havanna	=E19*D19*C19	12.5	=G19*D51*C19	31.2	=I19*C19	=J19+H19+F19	444	=VLOOKUP(A19,Pricing!$A$3:$B$8,2,FALSE)*L19	=C19-L19	=N19/C19*K19
20	Urbana	=E20*D20*C20	36	=G20*D51*C20	36	=I20*C20	=J20+H20+F20	869	=VLOOKUP(A20,Pricing!$A$3:$B$8,2,FALSE)*L20	=C20-L20	=N20/C20*K20
21	Urbana	=E21*D21*C21	9.5	=G21*D51*C21	36	=I21*C21	=J21+H21+F21	401	=VLOOKUP(A21,Pricing!$A$3:$B$8,2,FALSE)*L21	=C21-L21	=N21/C21*K21
22	Urbana	=E22*D22*C22	9.5	=G22*D51*C22	36	=I22*C22	=J22+H22+F22	595	=VLOOKUP(A22,Pricing!$A$3:$B$8,2,FALSE)*L22	=C22-L22	=N22/C22*K22
23	Urbana	=E23*D23*C23	9.5	=G23*D51*C23	36	=I23*C23	=J23+H23+F23	371	=VLOOKUP(A23,Pricing!$A$3:$B$8,2,FALSE)*L23	=C23-L23	=N23/C23*K23
24	Urbana	=E24*D24*C24	9.5	=G24*D51*C24	36	=I24*C24	=J24+H24+F24	243	=VLOOKUP(A24,Pricing!$A$3:$B$8,2,FALSE)*L24	=C24-L24	=N24/C24*K24
25	Cosy Comfort	=E25*D25*C25	12.5	=G25*D51*C25	38.4	=I25*C25	=J25+H25+F25	232	=VLOOKUP(A25,Pricing!$A$3:$B$8,2,FALSE)*L25	=C25-L25	=N25/C25*K25
26	Cosy Comfort	=E26*D26*C26	12.5	=G26*D51*C26	38.4	=I26*C26	=J26+H26+F26	696	=VLOOKUP(A26,Pricing!$A$3:$B$8,2,FALSE)*L26	=C26-L26	=N26/C26*K26
27	Cosy Comfort	=E27*D27*C27	12.5	=G27*D51*C27	38.4	=I27*C27	=J27+H27+F27	825	=VLOOKUP(A27,Pricing!$A$3:$B$8,2,FALSE)*L27	=C27-L27	=N27/C27*K27
28	Cosy Comfort	=E28*D28*C28	12.5	=G28*D51*C28	38.4	=I28*C28	=J28+H28+F28	766	=VLOOKUP(A28,Pricing!$A$3:$B$8,2,FALSE)*L28	=C28-L28	=N28/C28*K28
29	Cosy Comfort	=E29*D29*C29	12.5	=G29*D51*C29	38.4	=I29*C29	=J29+H29+F29	548	=VLOOKUP(A29,Pricing!$A$3:$B$8,2,FALSE)*L29	=C29-L29	=N29/C29*K29
30	Cosy Comfort	=E30*D30*C30	12.5	=G30*D51*C30	38.4	=I30*C30	=J30+H30+F30	561	=VLOOKUP(A30,Pricing!$A$3:$B$8,2,FALSE)*L30	=C30-L30	=N30/C30*K30
31	Savanna	=E31*D31*C31	9.5	=G31*D51*C31	37.2	=I31*C31	=J31+H31+F31	378	=VLOOKUP(A31,Pricing!$A$3:$B$8,2,FALSE)*L31	=C31-L31	=N31/C31*K31
32	Savanna	=E32*D32*C32	9.5	=G32*D51*C32	37.2	=I32*C32	=J32+H32+F32	205	=VLOOKUP(A32,Pricing!$A$3:$B$8,2,FALSE)*L32	=C32-L32	=N32/C32*K32
33	Savanna	=E33*D33*C33	9.5	=G33*D51*C33	37.2	=I33*C33	=J33+H33+F33	554	=VLOOKUP(A33,Pricing!$A$3:$B$8,2,FALSE)*L33	=C33-L33	=N33/C33*K33
34	Savanna	=E34*D34*C34	9.5	=G34*D51*C34	37.2	=I34*C34	=J34+H34+F34	840	=VLOOKUP(A34,Pricing!$A$3:$B$8,2,FALSE)*L34	=C34-L34	=N34/C34*K34
35	Savanna	=E35*D35*C35	9.5	=G35*D51*C35	37.2	=I35*C35	=J35+H35+F35	584	=VLOOKUP(A35,Pricing!$A$3:$B$8,2,FALSE)*L35	=C35-L35	=N35/C35*K35
36	Savanna	=E36*D36*C36	9.5	=G36*D51*C36	37.2	=I36*C36	=J36+H36+F36	343	=VLOOKUP(A36,Pricing!$A$3:$B$8,2,FALSE)*L36	=C36-L36	=N36/C36*K36
37	Total	=SUM(F5:F36)		=SUM(H5:H36)		=SUM(J5:J36)	=SUM(K5:K36)	=SUM(L5:L36)	=SUM(M5:M36)	=SUM(N5:N36)	=SUM(O5:O36)
38											
39											

The formula in cell C12 should be: =C10+C11 This means that the figure in C12 will be 6,828,870 and the cost of sales, gross profit and net profit figures all need to be changed. The revised spreadsheets are shown here.

	A	B	C	D	E
1	So Good Sofas Ltd				
2	Marginal cost statement year ended 30 June 20-6				
3					
4			£	£	
5	Sales revenue			11,292,742	
6	Variable costs				
7	Direct materials costs		3,432,454		
8	Direct labour costs		3,717,690		
9	Variable overhead costs		719,753		
10	Prime production cost		7,869,897		OK
11	Closing inventory	-	1,041,026		
12			6,828,870		
13	Fixed production overheads		1,268,900		
14	Cost of sales			- 8,097,770	
15	Gross profit			3,194,972	
16	Overheads:				
17	Administration			- 196,500	
18	Marketing			- 258,200	
19	Distribution			- 523,100	
20	Net profit			2,217,172	
21					

	A	B	C	D	E
1	So Good Sofas Ltd				
2	Marginal cost statement year ended 30 June 20-6				
3					
4			£	£	
5	Sales revenue			='Sales & production Information'!M37	
6	Variable costs				
7	Direct materials costs		='Sales & production information'!F37		
8	Direct labour costs		='Sales & production information'!H37		
9	Variable overhead costs		='Sales & production information'!J37		
10	Prime production cost		=C9+C8+C7		=IF(C10='Sales & production information'!K37,"OK","Check")
11	Closing inventory		=-'Sales & production information'!O37		
12			=C10+C11		
13	Fixed production overheads		1268900		
14	Cost of sales			=-C12-C13	
15	Gross profit			=+D5+D14	
16	Overheads:				
17	Administration			-196500	
18	Marketing			-258200	
19	Distribution			-523100	
20	Net profit			=D15+D17+D18+D19	
21					

The pie chart should reference the figures for actual revenue in column D, but actually references the budgeted revenue figures in column C (which is hidden as required by part iv of the task). The correct pie chart is shown below.