

## F5 PERFORMANCE MANAGEMENT PRACTICE & REVISION KIT Tenth edition February 2016 (for exams from September 2016)

11/2016

### Question 12

The question should say:

According to one definition of environmental management accounting (EMA), EMA involves identifying, collecting, analysing and using monetary information about environment-related costs and savings. It also includes which of the following?

- A Investment returns on environmentally friendly investment
- B The profitability of products, allowing for environmental costs
- C Impacts on the environment for which the organisation does not incur any direct cost
- D Physical information about the use and flows of energy, water and materials, including waste and emissions

### Question 13

The correct answer is: A System costs and energy costs

### Question 28

The fourth option should start with 'ABC' not 'BC'.

### Question 32

The question should say 'Calculate the total amount of machining overhead that would be allocated to Product C for the period **using ABC.**'

### Question 33

The question should say 'Calculate overhead assigned to Product D for the period **using ABC.**' And 'per unit' should say 'for Product D'.

### Question 90

The question should say 'Give your answer in millions to 3 dp.'

### Question 103

The answer should say:

<i>Demand</i>	<i>Supply</i>		
	350,000	280,000	200,000
	\$'000	\$'000	\$'000
Good	–	350	750 (W1)
Average	315	–	400 (W2)
Poor	675	360	– (W3)
Minimax regret	675	360	750

### Question 104

The answer should say:

350,000 bags	$(0.25 \times \$1,750,000) + (0.45 \times \$1,085,000) + (0.30 \times \$325,000) = \$1,023,250$
280,000 bags	$(0.7 \times \$1,400,000) + (0.3 \times \$640,000) = \$1,172,000$
200,000 bags	$1 \times \$1,000,000 = \$1,000,000$

### Question 142

The answer should say:

C (Syllabus area C3(c))

Learning curves are more difficult to apply in teams with a high labour turnover, as it can affect efficiency and knowledge significantly. Learning rates are affected by time gaps between the production of additional units of a product, because acquired learning may be forgotten with the passage of time unless the work continues regularly.

### Question 199

The answer should say:

Average time to produce first 7 batches =  $200 \times 7^{-0.1844245} = 200 \times 1/1.4317157 = 139.6925$  hours

Total time for first 7 batches =  $7 \times 139.6925 = 977.85$  hours

Average time to produce first 8 batches =  $200 \times 8^{-0.1844245} = 200 \times 1/1.4674115 = 136.2944$  hours

Total time for first 8 batches =  $8 \times 136.2944 = 1,090.35$  hours

### Question 203

The answer to (b) should say:

(b) **Planning price variance**

	\$
Original standard price per kg	4.00
Revised standard price per kg	<u>4.80</u>
Planning price variance per kg	<u>0.80 (A)</u>
Quantity used = 100,000 × 0.035	3,500 kg
Planning price variance in \$	<u>\$2,800 (A)</u>

**Planning usage variance**

	kg
Original standard: 100,000 units should use (× 0.04)	4,000
Revised standard: 100,000 units should use (× 0.042)	<u>4,200</u>
Planning usage variance in kg	<u>200 (A)</u>
Original standard price per kg	\$4
Planning usage variance in \$	<u>\$800 (A)</u>

**Operational price variance**

	\$
Actual price of actual materials (3,500 kg)	18,375
Revised standard price of actual materials (\$4.80 × 3,500 kg)	<u>16,800</u>
Operational price variance	<u>1,575 (A)</u>

**Operational usage variance**

Actual quantity should have been	4,200 kg
but was	<u>3,500 kg</u>
Operational usage variance in kg	700 kg (F)
× original standard cost per kg	<u>× \$4</u>
Operational usage variance in \$	<u>\$2,800 (F)</u>

Check:	\$	\$
Actual cost of materials: 3,500kg × \$5.25		18,375
Original standard cost: 100,000 units × 40g × \$4 per kg		<u>16,000</u>
Total materials cost variance		2,375 (A)
Variances:		
Price planning	2,800 (A)	
Usage planning	800 (A)	
Price operational	1,575 (A)	
Usage operational	<u>2,800 (F)</u>	
		<u>2,375 (A)</u>

### Question 276

The answer should say:

The correct answers are: Before investment: \$8,600, After investment \$8,800.

	<i>Before Investment</i>	<i>After Investment</i>
	\$	\$
Divisional profit	20,000	21,400
Imputed interest (12% of \$95,000)	(11,400)	
Imputed interest (12% of \$105,000)	<u>          </u>	<u>(12,600)</u>
Residual income	<u>8,600</u>	<u>8,800</u>

### Question 280(d)

The answer should say:

Based on the above calculation, it is clear that **RI is lower** with the investment. This would suggest that the company should **not proceed with the investment** and shows that the use of ROI as a performance measure is likely to result in the manager of Division B making a decision that **is in the best interests** of the company as a whole.

### Mock 3, Question 18

Option C should be (2), (5) and (6).