

F5 PERFORMANCE MANAGEMENT STUDY TEXT

Ninth edition February 2016 (for exams to June 2017)

02/2017

Chapter	Page	Section ref	Details of error and changes to be made																												
2b	36	5.2	(b) should say 'variability/ heterogeneity ' rather than 'variability/homogeneity'																												
2d		4.2	Part (c) should say 'This is \$15,000 more per day...' not 'This is \$60,000 more per day...'																												
2d	64	Quick Quiz Question 4	Incorrect answer given to question 4. The answer should be: C Material costs as throughput.																												
2e	70	Section 2.1	Typo in the final line of the second paragraph. It should read: 'Any difference between the amount input and the eventual output is 'residual', which is called 'waste'.'																												
5	131	Example 2.1.2	Typo in the final line of the question. It should read: 'What is the price elasticity of demand between prices of \$1.20 and \$1.30 per unit?'																												
5	150	5.2.1	The question and answer should say 'profit mark-up' rather than 'profit margin'																												
7		Example 4.4.1	The solution to example 4.4.1 should say: If the maximin decision rule is used, we should select the price that provides the lowest possible total contribution, given the different possible amounts of variable cost per unit.																												
Question Bank Q8 – ACCA Chem Co			The labour figures are missing. The question should say: <div style="border: 1px solid black; padding: 5px; margin: 5px 0;"> <p>The actual materials and labour used was as follows.</p> <p>Materials:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Material</th> <th style="text-align: right;">Kilos</th> <th style="text-align: right;">Price per kilo \$</th> <th style="text-align: right;">Total \$</th> </tr> </thead> <tbody> <tr> <td>F</td> <td style="text-align: right;">59,800</td> <td style="text-align: right;">4.25</td> <td style="text-align: right;">254,150</td> </tr> <tr> <td>G</td> <td style="text-align: right;">53,500</td> <td style="text-align: right;">2.80</td> <td style="text-align: right;">149,800</td> </tr> <tr> <td>H</td> <td style="text-align: right;">33,300</td> <td style="text-align: right;">6.40</td> <td style="text-align: right;">213,120</td> </tr> </tbody> </table> <p>Labour:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;"></th> <th style="text-align: right;">Hours</th> <th style="text-align: right;">Rate per hour \$</th> <th style="text-align: right;"></th> </tr> </thead> <tbody> <tr> <td>Department P</td> <td style="text-align: right;">20,500</td> <td style="text-align: right;">10.60</td> <td style="text-align: right;">217,300</td> </tr> <tr> <td>Department Q</td> <td style="text-align: right;">9,225</td> <td style="text-align: right;">5.60</td> <td style="text-align: right;">51,660</td> </tr> </tbody> </table> </div>	Material	Kilos	Price per kilo \$	Total \$	F	59,800	4.25	254,150	G	53,500	2.80	149,800	H	33,300	6.40	213,120		Hours	Rate per hour \$		Department P	20,500	10.60	217,300	Department Q	9,225	5.60	51,660
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Question Bank Q49			The question should say 'At the beginning of September , a new competitor entered the market...'																												
Question Bank Q51			The question should say: Why might it be argued that, in a total quality management environment, variance analysis from a standard costing system is redundant?																												

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			<ul style="list-style-type: none">(1) For standard costing to be useful for control purposes, it requires a reasonably stable environment(2) The ethos behind a system of standard costing is that performance is satisfactory if it meets predetermined standards(3) The control aspect of standard costing systems is achieved by making individual managers responsible for the variances relating to their part of the organisation's activities.(4) Standard costs are set based on ideal standards rather than attainable ones
			A 1 only
			B 2 and 4 only
			C 3 only
			D 1, 2 and 3 only