Principles of Costing: Summary of corrections and improvements to course materials

These changes affect version V002 of the materials.

Course Notes

We have added the following to chapter 2, page 37:

Investment centre

An investment centre is similar to a profit centre, but it can also identify the **investment made in assets.** For example, a business that is able to make its own investment decisions, such as undertaking new projects or purchasing new machinery.

We have added the following terminology note to chapter 7, page 172:

TERMINOLOGY
The AAT may refer to overhead absorption rates as "overhead recovery rates."

Chapter 9, practice example 12

The second option, reducing staff bonus payments, could lead to an adverse labour cost variance because demotivated staff might work slower. To avoid any ambiguity, we have changed this option to "using overseas labour in a country with lower wage rates."
This would result in a favourable cost variance because they are paid less.

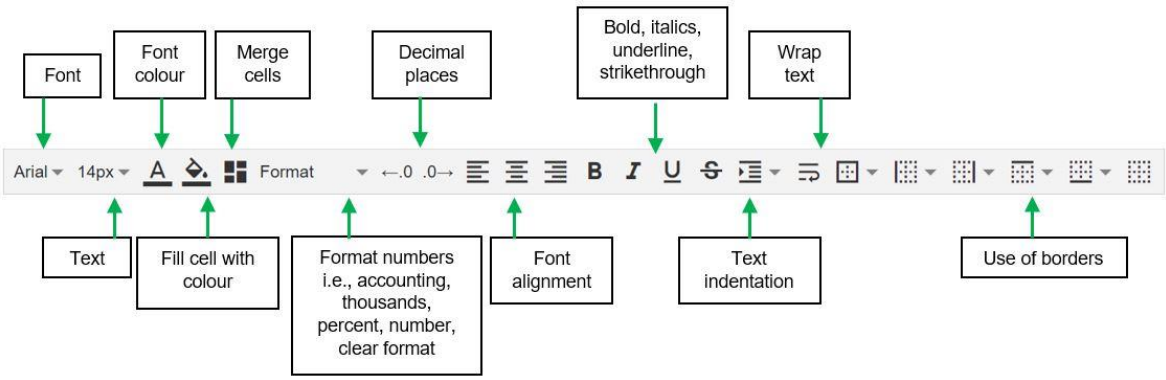
Task Bank

We have added the following guidance to the task briefings in relation to the spreadsheets element of the assessment:

Task 5

Using the AAT's spreadsheet software

In the assessment platform, you will be presented with an interactive table (similar to a spreadsheet) with a basic formatting toolbar to use when completing the task:



The task instructions will also indicate whether you are required to copy and paste or insert rows and columns. To perform these skills, you will need to **right click** your mouse on the specific cell, row or columns, where you will be presented with options. Keyboard shortcuts (such as Ctrl+C) are **not** supported in the AAT's software.

Formatting can only be applied to editable cells. Some cells may be set to read only and you will not be able to use any of the formatting tools in these cells.

Task 7

Using basic spreadsheet formulas

You will be expected to use the following formulas:

- Addition:

=SUM(number1, [number2],), e.g. =SUM(A1, B10)

=SUM(number1:number2), e.g. =SUM(A1:B10)

- Subtraction:

=number1–number2, e.g. =B10-A1

- Multiplication:

=number1*number2, e.g. =A1*B10

- -Division:

=number1/number2, e.g. =A1/B10.

Assess Smart

The AAT's spreadsheet software does **not** have all of the functionality that you may be used to in Excel. You must pay attention to the instructions in the question requirements.

- If you are asked to use a formula, you should enter the formula in the formats listed above for Addition, Subtraction, Multiplication and Division. Remember that the assessment is computer-marked, and these are the answers it will be programmed to accept, even though you may know other ways to get to the same answer.
- You will need to type in the cell references, e.g. A1. Make sure you use the cell references rather than values in your formulas.
- There is no Sum button (Σ) so you will need to type in the formula manually.
- Use standard round brackets () and do not include spaces.
- If the cell displays an error message such as #N/A, you have entered something incorrectly. You can check the formula that you have entered by double-clicking in the cell or hovering over the red triangle in the corner of the cell.
- Sometimes you will be asked to enter the figure **without** using a formula, in which case you need to follow this instruction.

Mock Bank

<table>
<tr><td>Pg 91
Mock 1
Task 3 (a)</td><td>We have changed this question to make the scenarios clearer:
<table>
<tr><th></th><th>Responsibility Centre</th></tr>
<tr><td>A retail outlet which places its own purchase orders and where the manager is in control of non-current asset expenditure.
This retail outlet is in control of its sales, costs and capital expenditure.</td><td>Investment Centre</td></tr>
<tr><td>A garment finishing section in factory
This is a department, area or place for which costs can be attributed and gathered together.</td><td>Cost Centre</td></tr>
<tr><td>A factory retail outlet, where all purchase orders are placed by Head Office.
This retail outlet is only in control of its sales, not its costs.</td><td>Revenue Centre</td></tr>
</table></td></tr>
<tr><td>Pg 110
Mock 1
Task 6 (b)</td><td>Solution for Sue should be:
<table>
<tr><th></th><th>Hours worked</th><th>Basic wage
£</th><th>Overtime premium
£</th><th>Gross wages
£</th><th>Units completed</th><th>Piecework wages
£</th></tr>
<tr><td>Sue</td><td>44</td><td>528.00
44 x 12</td><td>15.00
5 x (12 x 0.25)</td><td>543.00
528 + 15</td><td>50</td><td>550.00
50 x 11</td></tr>
</table></td></tr>
</table>