

CIMA OCS EXAM August 2017, Variant 1

Section 1

Requirement 1 (12 marks):

I would like you to **prepare a commentary on the variances** for the maintenance depot direct labour costs for the month of July. **The commentary should include an initial explanation of the possible causes of the variances.**

- Here the requirement is to comment on each of the variances for four main direct labour costs (labour rate, idle time, mix, and yield), including both own staff and sub-contractors. Giving possible reasons why each of these variances occurred.

Requirement 2 (13 marks):

I'd be interested to receive your suggestions of the different ways that we might advertise these roles. **An email with a wide range of ideas would be great. Oh, and please give a benefit and drawback for each idea.**

- Here the requirement is split into 3 parts. 1) to provide a range of ideas, 2) to give a benefit of each, 3) to give a drawback of each

Section 2

Requirement 1 (13 marks):

I need to send management **an explanation of how her schedule should be used in order to decide which external repair work to undertake.** I would also like to **include a commentary on any limitations of basing our decision regarding which repair jobs to undertake solely on the data of the schedule.** Please draft this explanation and additional commentary for me, there is no need to do any further calculations at this stage.

- Here the requirement is split into 2 parts. 1) an explanation of how the schedule should be used in the decision making process, 2) commentary on any limitations of basing the decision solely on the data of the schedule

Requirement 2 (12 marks):

We need to report **how to account for these assets in our financial statements.** I was going to ask the financial reporting team to do this but as you've worked in this area before, I think it would make sense if **you draft the content for this report for me.**

- Here the requirement is to specify the accounting treatment for each of the four assets (shed 2 building, shed 2 roof, machine 1 and machine 2).