Paul Robbins training and consultancy

Management Accounting: Decision and Control

Value Added

Exercise 1 Model Answer

You have been provided with the following information for Summer Ltd.

Sales Revenue	***£810,000***
Number of Employees	***35***
Cost of Materials Used	***£150,000***
Total Cost of Bought in Services	***£65,000***

Tasks

Calculate the total value added and the value added per employee.

Workings:

Total Value Added

£810,000 – (£150,000 + £65,000) = £595,000

Value Added per Employee

£595,000 / 35 = £17,000