
Note: Higher level questions are marked with an asterisk*

***16.4 Melior Health's key performance measures**

Melior Health runs a small chain of private hospitals in the South of England. The managing director would like to know how each hospital is performing and has been given some financial and non-financial data about each one.

Melior data			
	South East	South West	Midlands
Total revenue per hospital per annum	£4,320,000	£2,560,000	£9,760,000
Total operating profit per hospital per annum	£357,000	£78,000	£ 450,000
Average number of beds occupied per day	120	56	325
Total number of staff	19	21	38
Number of medical staff	12	12	14

REQUIRED:

- a) Assess the performance of each hospital by combining financial and non-financial data.

b) What other performance measures should the managing director be requesting?

16.5 Bakewell

Bakewell is a chain of bakeries in the south of the UK. It makes cakes that are sold to the large supermarkets, as well as specialist cakes sold to health food shops and cafés. The managing director is about to set the strategic direction for the next five years and needs to assess the profitability of each customer group.

REQUIRED:

Using the information below, calculate the profitability of each customer group.

Bakewell customer profitability			
	Supermarkets	Health food shops	Cafés
Number of cakes	5,000,000	40,000	53,000
List price per cake	£0.25	£0.47	£0.65
Discount	20%	5%	none
Manufacturing cost per cake	£0.13	£0.23	£0.13
Bad debts	none	2%	5%
Number of deliveries per annum	50	25	75
Average distance per delivery	250	120	25
Delivery cost per km	1.25	1.25	1.25

16.6 Bakewell's balanced scorecard

Suggest a strategy for Bakewell for the next five years. Draw up a list of objectives and performance measures and use them to design a balanced scorecard.

***16.3 Jabu**

Jabu, a brand manager in a South African confectionery manufacturer, reviews his product profitability sheets. His energy sweets are making an overall loss, but he needs to know whether this is true for both his customer groups: supermarkets and independent corner shops. He sells in bulk to supermarkets, who negotiate large discounts and expect delivery to their central warehouse. Sales to small independent owners of corner shops are time-consuming, but he can charge them full price. The average cost of visiting a customer is 6,000 rand.

REQUIRED:

Using the information below, calculate the profitability of the energy sweets by distribution channel, and advise Jabu on what he should do.

Jabu customer profitability data		
	Supermarkets	Corner shops
Number of boxes of energy sweets supplied	1,200	700
List price per box	270 rand	270 rand
Discount	30%	none

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Manufacturing cost per box	108 rand	108 rand
In-store promotion cost	40,000 rand	nil
Customer visits per year	3	12
Bad debts	nil	5% of sales value
Number of deliveries per annum	100	240
Average distance per delivery	250 km	150 km
Delivery cost per km	1.25 rand	1.25 rand