Name: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**27. Capacity utilisation Mark: /16**

The table below shows the monthly operational data for company A and B.

|  |  |  |
| --- | --- | --- |
|  | Company A | Company B |
| Output | 1 000 000 | 840 000 |
| Total costs | £2 500 000 | £1 750 000 |
| Number of employees | 2 800 | 2 600 |
| Maximum capacity | 1 080 000 | 910 000 |

1. By what percentage is company A’s output greater than company B’s? /2 marks

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1. For each of the following performance measures calculate whether company A or company B is better.
	1. Labour productivity /4 marks

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* 1. Unit costs /4 marks

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* 1. Capacity utilisation /4 marks

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

1. If company B increased capacity utilisation to 95% what would their new average cost be? /2 marks

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How useful is this data in assessing the operational performance of company A & company B?