**11. Financial incentives Mark: /14**

1. Scarlett is a trainee accountant. This year her annual salary was £26 000. Each year she receives a 3% pay rise and a 5% one off bonus if targets are met.
   1. What was Scarlett’s annual salary last year? /2 marks

£26 000/1.03 = £25 243  
Annual Salary last year = **£25 243**

* 1. What is Scarlett’s monthly salary this year? /1 mark

£26 000/12 = £2 166.67  
Monthly Salary = **£2 166.67**

* 1. If Scarlett achieves her targets next year how much will her performance related pay bonus be worth? /3 marks

£26 000 x 1.03 = £26 780 basic pa + 5% bonus  
= £26 780 x 0.05 = **£1 339**

1. Shaun is a production operator in a firm that assembles children’s toys. Shaun works 38 hours per week and receives a standard payment of £7 per hour. In addition he can earn 25p per toy assembled. However this is only paid if satisfactory quality levels are met. Last week Shaun assembled 400 toys. However 10% failed to meet the correct standard.
   1. What was Shaun’s standard pay last week? /1 mark

38hrs x £7 = **£266**

* 1. What was Shaun’s piece rate pay last week? /2 marks

400 x 0.9 = 360  
360 x £0.25 = **£90**

1. Fred is a sales assistant in a local shoe shop. He works an average of 10 hours a week earning £55. In addition he receives 4% commission on all sales. Last week Fred worked an additional 5 hours and sold a total of £1 350 worth of shoes.
   1. How much money did Fred earn last week? /3 marks

£55/10 = £5.50 per hour  
£55 + (5 x £5.50)  
= £55 + £27.50 = £82.50

4% of £1 350 = 0.04 x £1 350 = £54  
= £82.50 + £54 = **£136.50**

* 1. What % of Fred’s wages is from his commission payments? /2 marks

£54/£136.50 x 100   
 = **39.56%**