

Answer **all** the questions in the spaces provided.

1. Flavors Ltd makes fruit-flavoured drinks. Each year Mark Hoskins, the company accountant, constructs a budget. Details of part of last year's budget are given in the table below as well as the figures for the actual outcomes.

	Budgeted	Actual	Variance
Sales Revenue	£240 000	£265 000	(i)
Cost of Sales	£98 000	£72 000	(ii)

Calculate the values of the variances stating whether the variances are adverse or favourable and in each case explain one possible reason for the variance. [6]

(i) .....

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(ii) .....

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