

CHAPTER 1

Basic Cost Management Concepts

COLLABORATIVE LEARNING EXERCISE SOLUTION

Exercise 1

1. and 2.

Potential questions Queen Isabella might have asked during the eight-month voyage follow. (F) refers to a financial accounting type of question; (CM) refers to a cost management type of question.

Months 1–3:

How are you progressing? Have you sighted land yet? (CM) How has the weather been? Are the winds favourable? (CM) Are there any problems on the ships? (CM)

What distance have you covered? Are your supplies adequate? (CM) How are provisions holding out? (F, CM)

Month 4:

What is the terrain like? (CM) Is the land inhabited? (CM) What are the inhabitants like? Warlike? Peaceful? (CM)

Have you found gold and precious stones? Other valuables (e.g., spices)? How much? (F)

Did you claim the land for Spain? (F, CM)

What resources are available in the new land? Timber and stone to build government buildings? (F, CM)

Is there a good harbor? Are there nearby lands? (CM)

What is your assessment of the potential for long-term colonization? (F, CM) Are the three ships in good condition? The sailors? (CM)

Months 5–8:

What kind of progress have you made? (CM)

Are you at the same stage you would have expected based on your voyage out? (CM)

How has the weather been? Are the winds favourable? (CM)

Have you lost any ships or cargo? (F) Are there any problems on the ships? (CM)

How are provisions holding out? (CM)

When do you expect to be back in Spain? (CM)

Exercise 2

Answers will vary.