

Choose the most appropriate alternative for the following:

[4x2 = 8 Marks]

- In the factory of ZAN Ltd. where standard costing is followed, 4000 kg of materials at 10 per kg were actually consumed resulting in materials price variance of 2,000 (Adv.). What will be the standard cost of material per kg?
 (A) ₹10.50 (C) ₹9.00
 (B) ₹9.50 (D) None of the above
- M/s Littles Limited operates in single shift. Standard production is 8 units per shift of 8 hours at 200 per hour. Actual production is 5 units per shift. The company allows 1 hour for lunch break. Actual rate of labour hour is 210. The Labour Efficiency Variance is
 (A) 600 (Adverse) (C) 300 (Adverse)
 (B) 600 (Favorable) (D) 400 (Adverse)
- In the year 2023-24, X & Co. used 2,820 kg of material at a total standard cost of 11,562. The material usage variance was 123 (Favourable). In the above case, Standard Weight of Material (SQ) for the period is
 (A) 2,900 kg. (C) 3,048 kg.
 (B) 2,850 kg. (D) 2,648 kg.
- AB Ltd. uses standard costing system. The following information pertains to direct labour for Product X for the month of March, 2023:
 Standard rate per hour 8; Actual rate per hour ₹8.40
 Standard hours allowed for actual production is 2000 hours
 Labour Efficiency variance = 1,600 (Adverse)
 What were the actual hours worked?
 (A) 1,800 Hours (C) 2,200 Hours
 (B) 1,810 Hours (D) 2,190 Hours

Question 5: The following data is obtained from the cost record of ABC Limited:

Standard Mix		Actual Mix	
Material X	120 kg @ ₹25	Material X	110 kg. @30
Material Y	80 kg @ ₹50	Material Y	90 kg. @ 45
	200 kg		200 kg.
Less: Loss @ 30%	60 kg	Less: Loss @ 30%	50 kg.
Output	140 kg		150 kg.

You are required to find out the following material variances:

- Cost Variance;
- Price Variance;
- Usage Variance;
- Mix Variance;
- Yield Variance.

[12 Marks]

Question 3: The Management of your company have provided you the following data. The Company manufactures a single product for which the standard variable cost is:
per unit

Paper 8: Cost Accounting

Direct material 81 kg @ 7 per kg ₹567

Direct labour 97 hours @4 per hour ₹388

During February, 530 units were produced and the costs incurred were as follows:

Direct material: 42,845 kg purchased and used; cost ₹3,08,484

Direct labour: 51,380 hours worked; cost ₹2,00,382

You are a newly appointed Cost Accountant and the management is asking you to make necessary calculations, showing the variances, if any with respect to Material & Labour.

The Standard Costing is in operation.

[10 Marks]

Question 4: From the following you are required to calculate:

(a) Material Cost Variance

(b) Material Price Variance

(c) Material Usage Variance

Quantity of material purchased 3,000 units

Value of material purchased ₹9,000

Standard quantity of material required: for one tonne of finished product 25 units

Standard rate of material. ₹2 per unit

Opening stock of material NIL

Closing stock of material 500 units

Finished production during the period 80 tonnes

[8 Marks]

Question 5: The standard output of Production 'ABY' is 25 units per hour in manufacturing department of STR Ltd employing 100 workers. The standard wages rate per labour hour is ₹30.

In a 42 hour week of September 2021, the department produced 1,040 units of ABY despite 5% of the time paid was lost due to an abnormal reason. The hourly wage rate actually paid were ₹31, 30 and 28.50 respectively to 10, 30 and 60 of the workers.

Based on the above information calculate labour variances.

[12 Marks]