

CMA	CA R. K. Mehta
Test - 4	
Time Allowed : 50 min.	Total Marks: 30 Marks

Q.1: What are various types of standards? Give their brief explanations. (5 Marks)

Q.2: A company produces only one article, the prime cost standards for which have been established as: -

Per completed piece	Material 5 lbs. @ ₹ 4.20 - ₹ 21	Labour 3 hours @ ₹ 3.00 - ₹ 9
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The production schedule for the month of July 2018 required completion of 5,000 pieces. However, 5,120 pieces were actually completed. Purchases for the month of July 2018 amounted to 30,000 lbs., of material at the total invoice price of ₹ 1,35,000. Production records for the month of July, 2018 showed the following actuals results: -

Materials used - 25,700 lbs.	Direct labour (15,150 hours) - ₹ 48,480
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Calculate appropriate material and labour variances. (5 Marks)

Q.3: The standard labour employment and the actual labour engaged in a 40-hours week for a job are as: -

Particulars	Standard		Actual	
	No. of Workers	Wage per hour (₹)	No. of Workers	Wage rate per hour (₹)
Skilled	65	45	50	50
Semi-skilled	20	30	30	35
Unskilled	15	15	20	10

Standard output – 2,000 units, actual output – 1,800 units, abnormal idle time 2 hours in the week. **Calculate** the labour cost variance. Also calculate DLYV with the help of alternative output method. (10Marks)

Q.4:

The following information is available from the cost records of company for February 2017:-

Material purchased - 20,000 pieces for ₹ 88,000	Standard rates and prices are: -
Material consumed - 19,000 pieces	Direct material rates - ₹ 4 per piece
Actual wages paid for 4,950 hours for ₹ 24,750	Standard input - 10 pieces per unit
Factory overhead incurred - ₹ 44,000	Direct labour rates - ₹ 4 per hour
Factory overhead budgeted - ₹ 40,000	Standard requirement - 2.5 hours per unit
Units produced - ₹ 1,800	Overhead - ₹ 6 per labour hour

You are **required:** -

(a) Show the standard cost card

(b) Compute all material, labour and overhead variances for February 2017. (10 Marks)