

Test - 3

Time Allowed : 35 Minutes

TOPIC: STANDARD COSTING

Total Marks :20 Marks

Q.1: Standard costing, howsoever useful it may be, suffers from some limitations also.

Briefly explain the limitations of standard costing.

(5 Marks)

Q.2: Calculate material price variance at the time of purchase and material usage variance at the time of consumption from the following: -

Particulars	X		Y	
	Kgs.	₹	Kgs.	₹
Raw material purchased	2,000	4,000	5,000	6,250
Raw material issued to factory	2,150	---	3,950	---
Opening stock at factory	300	---	1,000	---
Closing stock at factory	200	---	1,250	---

Standard price ₹ 1.90 per kg. for X and ₹ 1.30 per kg. for Y.

Standard usage of input per unit of output: -

Product	Material 'X'	Material 'Y'
A	1 kg.	1 kg.
B	0.5 kg.	1 kg.

Output during the period : Product A - 1,130 units Product B - 2,550 units.

(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.

(10 Marks)