QUIZ

PROBLEM SOLVING (9 items x 5 points)
Answer the following items on the space provided. Show your computations.

At the beginning of 201A, ABC Company had the following standard costs for one (1) of its chemical products:

Direct material (3 pounds at P3.20)	P9.60
Labor standard (0.9 hours at P9.00)	8.10
Variable overhead (0.9 hours at P1.50)	1.35
Fixed overhead (0.9 hours at P4.00)	3.60
Total	P22.65

ABC computes its overhead rates using budgeted capacity, which is 144,000 units. Actual results for 201A are:

Units produced	140,000 units
Materials purchased	421,175 lbs. at P3.30
Materials used	421,000 lbs.
Direct labor	128,750 hrs at P8.90
Fixed overhead	P517,525
Variable overhead	218,000

Required: Indicate whether **favorable** or **unfavorable**.

1. Material purchase price variance

Actual Quantity of Input at Actual Price (AQ x AP)	**Actual Quantity of Input at Standard Price (AQ x SP)**
421,175 lbs x P3.30 = 1,389,877.5	421,175 lbs x P3.20 = P1,347,760

MPPV P42,117.5 unfavorable

2. Material price usage variance

Actual Quantity of Input at Actual Price (AQ x AP)	**Actual Quantity of Input at Standard Price (AQ x SP)**
421,000 lbs x P3.30 = 1,389,300	421,000 lbs x P3.20 = P1,347,200

MPUV P42,100 unfavorable

3. Material quantity variance in MPPV

Actual Quantity of Input at Standard Price (AQ x SP)	**Standard Quantity Allowed for Actual Output at Standard Price (SQ x SP)**
421,175 lbs x P3.20 = P1,347,760	SQ= 140,000 units x 3 lbs = 420,000 420,000 lbs. x P3.20 =P1,344,000

MQV P3,760 unfavorable

Material quantity in MPUV

Actual Quantity of Input at Standard Price	**Standard Quantity Allowed for Actual Output at Standard**

(AQ x SP)	**Price (SQ x SP)**
421,000 lbs x P3.20 = P1,347,200	SQ= 140,000 units x 3 lbs = 420,000 420,000 lbs. x P3.20 =P1,344,000

MQV P3,200 unfavorable

4. Labor rate variance

Actual Hours of Input at Actual Rate (AH x AR)	**Actual Hours of Input at Standard Rate (AH x SR)**
128,750 hrs x P8.90 = P1,145,875	128,750 hrs x P9.00 = P1,158,750

LRV P12,875 favorable

5. Labor efficiency variance

Actual Hours of Input at Standard Rate (AH x SR)	**Standard Hours Allowed for Actual Output at Standard Rate (SH x SR)**
128,750 hrs x P9.00 = P1,158,750	SQ= 140,000units x 0.9hrs/unit = 126,000 hrs 126,000 hrs. x P9.00 =P1,134,000

LEV P24,750 unfavorable

6. Variable overhead rate variance

Actual Hours of Input at Actual Rate (AH x AR)	**Actual Hours of Input at Standard Rate (AH x SR)**
P218,000	128,750 hrs x P1.5 = P193,125

VOH rate variance (VRV)
P24,875 unfavorable

7. Variable overhead efficiency variance

Actual Hours of Input at Standard Rate (AH x SR)	**Standard Hours Allowed for Actual Output at Standard Rate (SH x SR)**
128,750 hrs x P1.5 = P193,125	126,000hrs x P1.5 =P189,000

VOH efficiency variance (VEV)
P4,125 favorable

8. Fixed spending variance

Actual Hours of Input at Actual Rate	**Budgeted Fixed Overhead (Budgeted Capacity x SR)**

(AH x AR)	
P517,525	144,00 hrs x P4 = P576,000

FOH spending variance (FSV)
P58,475 favorable

9. Fixed volume variance

Budgeted Fixed Overhead (Budgeted Capacity x SR)	**Standard Hours Allowed for Actual Output at Standard Rate (SH x SR)**
144,00 hrs x P4 = P576,000	126,000 hrs x P4 =P504,000

FOH volume variance (FVV)
P72,000 unfavorable