Instructions: You may work this in Excel or as a solution in this word document. Be sure to label your file with your name in the title.

The following standard costs were developed for one of the products of CH Industries:

|  |  |
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| **STANDARD COST CARD** | |
| **PER UNIT** | |
|  |  |
| Direct materials: 3 x $3 per pound | $9.00 |
| Direct labor: 1.5 hours x $18 per hour | 27.00 |
| Variable overhead: 1.5 hours x $4 per hour | 6.00 |
| Fixed overhead: 1.5 hours x $7.50 per hour | 11.25 |
| Total standard cost per unit | $53.25 |
|  | | | |

The following information is available regarding the company's operations for the period:

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Units produced | 375,000 | |  | |  |  |
| Materials purchased | 1,500,000 | | Pounds | | $3.10 | per pound |
| Materials used | 1,100,000 | | Pounds | |  |  |
| Direct labor | 565,000 | | hours | | $ 18.10 | per hour |
| Overhead incurred: |  | |  | |  |  |
| Variable | $2,210,000 | |  | |  |  |
| Fixed | $3,600,000 | |  | |  |  |
|  | | |  | |  | | | |

Budgeted fixed overhead for the period is $**3,750,000**.

Required:

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| a. | Calculate the materials price variance and material usage variance; indicate whether it is favorable or unfavorable. |
| b. | Calculate the labor rate variance and labor efficiency variance; indicate whether it is favorable or unfavorable. |
| c. | Calculate the variable overhead spending variance and variable overhead efficiency variance ; indicate whether it is favorable or unfavorable. |
| d. | Calculate the fixed overhead spending variance and the fixed overhead volume variance; indicate whether it is favorable or unfavorable. |
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