

## **Assignment: Standard Costing**

1. Bikaner Foods makes milk cake. For January it budgeted to purchase and use 15000 kg of milk at Rs 17.8 a kg. Actual purchase and usage for January was 16000 kg at Rs. 16.4 a kg. It budgets for 3,750 kg milk cake. Actual output was 3,800 kg milk cake. Ignore other ingredients inputs used to make milk cake.
- a) Compute the flexible budget variance and price and efficiency variances.
  - b) Comment on the results.

2. Asian Paints Ltd. Has set up the following standards per finished unit for direct materials and direct manufacturing labour:

Direct materials: 10 kg, at Rs. 30 per kg	Rs. 300
Direct manufacturing labour: 1 hour at Rs. 40 per hour	40

The number of finished units budgeted for March was 10,000; 9810 units were actually produced.

Actual results in March were

Direct materials: 98,073 kg used

Direct manufacturing labour: 9,800 hours @ Rs 42 per hour Rs. 4,11,600

Assume that there was no beginning inventory of either direct materials or finished units.

During the month, materials purchases amounted to 1,00,000 kg, at a total cost of Rs. 31,00,000. Input price variances are isolated upon purchase. Input-efficiency variances are isolated at the time of usage.

- a) Compute the March price and efficiency variances of direct materials and direct manufacturing labour.
- b) Comments on the March price and efficiency variances
- c) Why might Asian Paints Ltd. calculate materials price variances and materials efficiency variances separately?