

Question bank

Task 5.3

A budgetary control report has been provided for the manufacture of product PD98 and variances have been calculated.

	Budget		Actual	
Production (units)		450		520
Direct materials	337.5 kg	£20,250	338 kg	£25,350
Direct labour	1,080 hours	£12,960	988 hours	£14,820
Fixed overheads		£28,080		£31,300
Total cost		£61,290		£71,470

Variance	Amount
Direct materials price	£5,070 A
Direct materials usage	£3,120
Fixed overhead expenditure	£3,220
Fixed overhead capacity	£2,392 A
Fixed overhead efficiency	£6,760 F
Direct labour rate	£2,964
Direct labour efficiency	£3,120 F

Complete the operating statement for the manufacture of PD98. Do not use brackets or minus signs for the variances.

Operating Statement – PD98			£
Budgeted/Standard cost for actual production			
Variations	Adverse	Favourable	
Direct material price			
Direct materials usage			
Direct labour rate			
Direct labour efficiency			
Fixed overhead expenditure			
Fixed overhead capacity			
Fixed overhead efficiency	<u> </u>	<u> </u>	
Total variance	<u> 0</u>	<u> 0</u>	<u> </u>
Actual cost of actual production			<u> </u>

.....