

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			70,824 (520 x 136.20)
Variances	Adverse	Favourable	
Direct material price	5,070		
Direct materials usage		3,120	
Direct labour rate	2,964		
Direct labour efficiency		3,120	
Fixed overhead expenditure	3,220		
Fixed overhead capacity	2,392		
Fixed overhead efficiency		6,760	
Total variance	13,646 0	13,000 0	646
Actual cost of actual production			71,470

Workings: Standards

Material Price £20,250 / 337.5 hrs = £60 per kg
 Material Usage 337.5 hrs / 450 units = 0.75 hr per unit
 Labour Rate £12,960 / 1,080 hours = £12 per hour
 Labour Efficiency 1,080 hours / 450 units = 2.4 hours per unit
 OAR £28,080 / 450 units = £62.40 per unit

Cost Card

Materials 0.75 hrs @ £60 per kg =	£45.00
Labour 2.40 hours @ £12 ph =	28.80
Overheads	62.40
	136.20

Material Usage Variance:

Standard 520 units x 0.75 hrs @ £60 per kg =	£23,400
Actual 338 hrs @ £60 per kg	20,280
	3,120 (F)

Labour Rate Variance:

Standard 988 hours @ £12 ph =	£11,856
Actual	14,820
	2,964 (A)

Overhead Expenditure Variance:

Budgeted	£28,080
Actual	31,300
	3,220 (A)