Standard Costing

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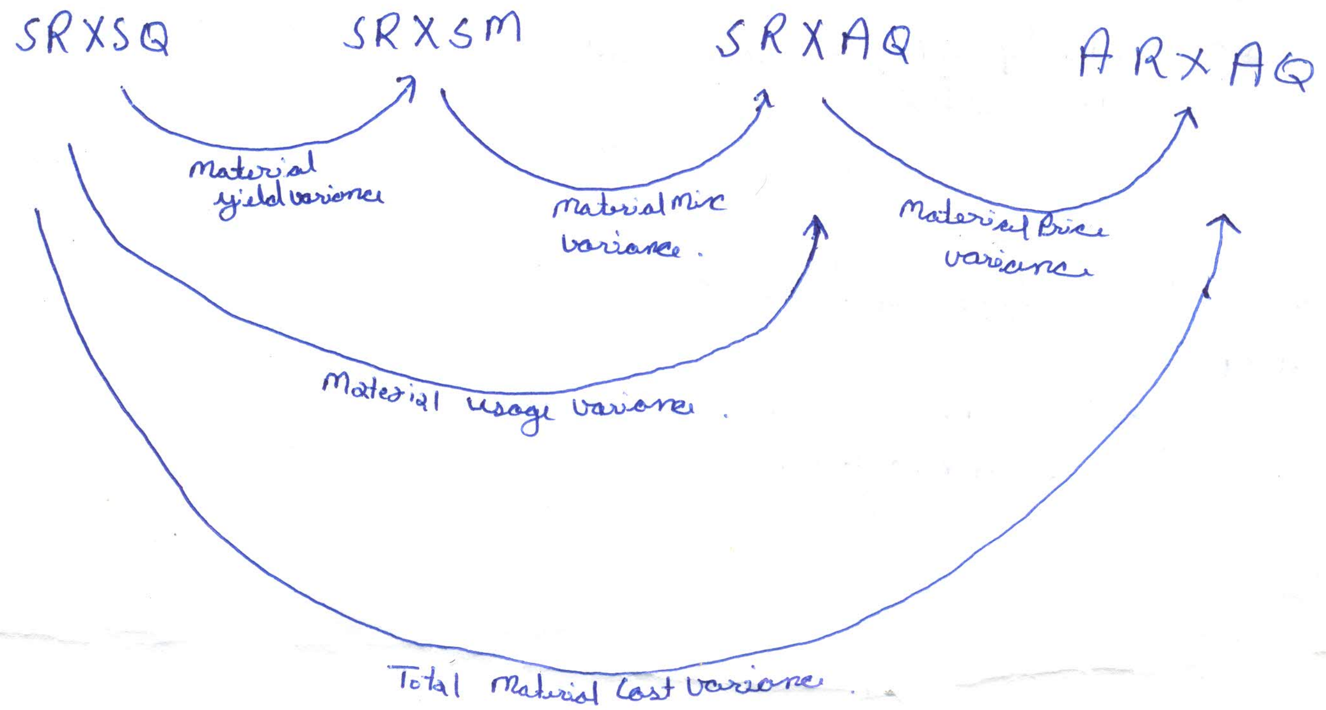
Material Variance



SR – Standard rate of Raw material Per unit

SQ – standard Quantity of Raw Material of Actual production.

SM – Standard Mix [Total of AQ but in ratio of SQ]

AQ – Actual Quantity [Consumption] ~~of~~ Raw Material for Actual Production

AR – Actual Rate of raw material per unit

⇒ Here where arrow is indicated it is to be deducted

Like

Material yield variance.

$$=(SR \times SQ) - (SR \times SM)$$

if Diffrence is positive then variance is Favourable Denoted as (F)

If Diffrence is Negative then variance is unfavourable Denoted as (A)

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SR — Standard rate

SQ — Standard quantity for Actual production.

we know that raw material and production are two different things

To find SQ

$$= \frac{\cancel{SQ}\ \text{Standard quantity}}{\text{Standard production}} \times \text{Actual production}$$

ST — Standard time for Actual production.

To find ST

$$= \frac{\text{Standard time}}{\text{Standard production}} \times \text{Actual production.}$$

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Labour Variance

$SR \times ST$ — $SR \times SM$ — $SR \times [AT_{worked}]$ — $SR \times [AT_{Paid}]$ — $AR \times [AT_{Paid}]$

Labour sub-effeciency Variance

Labour Mix Variance

Labour Idle Time Variance

Labour rate of Pay Variane

Net labour efficiency variance / Labour effeciency Variance

Total Labour effeciency Variance

Total Labour Cost Variance.

SR – Standard rate per element of time [eg:– Per sec, Per min, Per month]

ST – standard time for actual production. Mostly worked

SM – standard mix [Total of AT but in ratio of ST]

AT_{worked} — Actual time worked [for Actual production]

AT_{Paid} — Actual time paid for actual production

AR – Actual rate per element of time.

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Overhead Variance

Variable overhead Variance | Fixed overhead Variance

Variable Overhead Variance

SR X ST   SR X AT   AR X AT

Variable overhead effeciency Variance

Variable overhead exbenditure Variance / overhead Budget variance

Total Variable overhead Variance

SR – Standard Rate [Perhour .....]

ST – standard time for Actual Production.

AT – Actual time for actual production.

AR – Actual rate per hour.

Fixed Overhead Variance [In days, in weeks]

SRXSD   SRXAd, days   SRXAD   SRXBD   AR X AD

Fixed overhead Efficiency variance

Fixed overhead Capacity Variance

Fixed overhead Calender Variance

Fixed overhead expenditure Variance

Fixed overhead Volume Variance

Total fixed overhead variance.

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SR – Standard rate in Days

SD – Standard Days of Actual Production

A/d Days :– Adjusted Days $\left[\dfrac{\text{Actual Days} \times \text{Actual hours per day}}{\text{Budgeted hours per day}}\right]$

AD – Actual Days

BD – Budgeted Days

AR – Actual Rate per day

If Question is Done in Hours

SR X ST   SR X AT   SR X A/d time   SR X BT   AR X AT

Fixed overhead effeciency Variance

Fixed overhead Capacity Variance

Fixed overhead Calender Variance

Fixed overhead expenditure variance

Fixed overhead value Variance

Total fixed overhead Variance

SR – Standard rate per hour.

ST – Standard time for Actual Production. [hours]

AT – Actual hours for Actual production.

A/d time – Adjusted time [Budgeted Hours per days × Actual Days]

BT – Budgeted time.

AR – Actual rate per hour.