

# HOUSTON COMMUNITY COLLEGE STANDARD COSTING PROJECT

Mary-Lynette Company Inc. (a sub chapter S company) a Houston company in the shadows of HCC, produces a number of products, including a "Pull-yo-Pants UP" kit (a product for boys who may never reach the mentality of being a MAN. The product has shown through extensive test to help). Standard variable costs relating to a single kit are given below:

|                             | <u>Standard Quantity<br/>Or Hours</u> | <u>Standard Price<br/>or Rate</u> | <u>Standard<br/>Cost</u> |
|-----------------------------|---------------------------------------|-----------------------------------|--------------------------|
| Direct Materials            | ?                                     | \$6 per yard                      | \$?                      |
| Direct Labor                | ?                                     | ?                                 | ?                        |
| Variable MOH                | ?                                     | \$2 per DLH                       | ?                        |
| Total standard cost per kit |                                       |                                   | \$42                     |

During August, 500 kits were manufactured and sold. Selected information relating to the month's production is given below: (for the month)

|                                  | Materials<br>Used | Direct<br>Labor | Variable<br>MOH |
|----------------------------------|-------------------|-----------------|-----------------|
| Total standard cost              | ?                 | \$8,000         | \$1,600         |
| Actual cost incurred             | \$10,000          | ?               | \$1,620         |
| Material price variance          | ?                 |                 |                 |
| Material quantity variance       | \$600U            |                 |                 |
| Labor rate variance              |                   | ?               |                 |
| Labor efficiency variance        |                   | ?               |                 |
| Variable O/H spending variance   |                   |                 | ?               |
| Variable O/H efficiency variance |                   |                 | ?               |

The following additional information is available for August's production of kits:

|                                                                               |          |
|-------------------------------------------------------------------------------|----------|
| Actual direct labor-hours                                                     | 900      |
| Difference between standard and actual cost<br>per kit produced during August | \$0.14 U |

## REQUIRED:

1. What was the total standard cost of the materials used during August?
2. How many yards of material are required at standard per kit?
3. What was the materials price variance for August?
4. What is the standard direct labor rate per hour?
5. What was the labor rate and efficiency variance for August?
6. What was the variable overhead spending variance for August? The variable overhead efficiency variance?
7. Complete the standard cost card for one kit shown at the beginning of the problem.

Answers  
only  
here  
  
Show  
your  
work  
on  
separate  
page.

**STATEMENT OF CASH FLOW QUESTION**

|                            |     |
|----------------------------|-----|
| TRIAL BALANCE @ 12/31/2008 |     |
| ACC DEPR                   | 20  |
| ACCT PAYABLE               | 200 |
| ACCT REC                   | 300 |
| CAPITAL                    | 100 |
| CASH                       | 100 |
| EQUIPMENT                  | 200 |
| RETAINED EARNING           | 280 |

**NO INCOME TAX IMPLICATION**

|                                     |     |
|-------------------------------------|-----|
| ACTIVITIES IN 2009                  |     |
| DEPR EXP (NON CASH G&A ITEM)        | 10  |
| CASH RECEIPTS A/R                   | 600 |
| COST OF SALE (DEBIT C/S CREDIT A/P) | 300 |
| CASH DISBURESMENTS A/P              | 200 |
| SALES                               | 600 |
| G&A PAID IN CASH 2009               | 100 |
| DIVIDENDS PAID IN 2009              | 100 |
| PURCHASE OF EQUIPMENT (ON ACCOUNT)  | 300 |
| BORROWED FROM BANK (NOTE PAYABLE)   | 200 |

*Show work on this problem!*

FROM THE ABOVE INFORMATION PREPARE A STATEMENT OF CASH FLOWS