ISCTE Business School
Instituto Universitário de Lisboa

2nd Year Management

Management Accounting II

CASE VIVA (2)

(STANDARD COSTING)
SOLUTION

School Year 2013/2014

APPENDICES

Table of Conversion Costs														
			S I	7 500 Lh	S II	2 400 Mh	S III	1 095 Lh		S IV	RMW	4 500	FPW	3 000
			Q	€	Q	€	Q	€	Q	€	Q	€	Q	€
1. Direct Costs		C.U..												
Variable														
Electricity		0.12	41 250	4 950.00	9 960	1 195.20	2 190	262.80		-		-		-
Other Supplies and Services				15 000.00		4 200.00		1 095.00		-		-		-
Subtotal				19 950.00		5 395.20		1 357.80		**-**		**-**		**-**
Fixed														
Salaries				10 000.00		9 000.00		4 000.00		5 000.00		3 000.00		2 000.00
Social Expenses				6 000.00		5 400.00		2 400.00		3 000.00		1 800.00		1 200.00
Depreciations				20 000.00		32 500.00		4 000.00		2 000.00		4 200.00		2 050.00
Subtotal				36 000.00		46 900.00		10 400.00		10 000.00		9 000.00		5 250.00
Total Dir.Costs				**55 950.00**		**52 295.20**		**11 757.80**		**10 000.00**		**9 000.00**		**5 250.00**
2. Reallocations														
SIII		**11 862**	735	8 718.57	360	4 270.32		-		-		-		-
SIV				4 553.63(1)		3 518.75(2)		1 043.48(3)		-		-		-
Total Realloc.				**13 272.2**		**7 789.07**		**1 043.48**		**-**		**-**		**-**
3. Total Conversion Costs				**69 222.2**		**60 084.27**		**12 801.28**		**10 000.00**		**9 000.00**		**5 250.00**
WU				**9.2296**		**25.0351**		**11.6907**		**-**				
AU										**-**		**2**		**1.75**

(1) 54 643.50/ 12 (2) 42 225/ 12 (3) 12 521.7/ 12

Table of Production Costs						
			Prod. A	2 500 tons	Prod. B	1.500 tons
		C.U.	Q	€	Q	€
Materials						
Mat. X		**21.8**	3 125	68 125.00	-	-
Mat. Y		**31.8**	-	-	1 125	35 775.00
Product A		**53.38105**	-	-	750	40 035.79
Subtotal				**68 125.00**		**75 810.79**
Conversion Costs						
S I		**9.07368**	7 500	68 052.50	-	-
S II		**25.65036**		-	2 400	61 560.86
Subtotal				**68 052.50**		**61 560.86**
MCMP						**137 371.65**
By-Product C		**20**		-	120	(2 400)
				-		
MCFP				**136 177.5**		**134 971.65**
Unit MCFP				**54.47104**		**89.9811**

Accounting Variances			
Variances	**Calculation**	**Value (€)**	**Variance Nature**
Purchases:			
Material X	3 000 x (24.8 – 21.8)	9 000	Unfavourable
Material Y	1 500 x (29.8 – 31.8)	-3 000	Favourable
		6 000	**Unfavourable**
Sections:			
Section I	7 500 x (9.2296 – 9.0737)	1 169.25	Unfavourable
Section II	2 400 x (25.0351 – 25. 6504)	-1 476.72	Favourable
Section III	1 095 x (11.6907 – 11.8624)	-188.01	Favourable
Section IV	10 000 – 9115.85	884.15	Unfavourable
RMW	4 500 x (2 -1.8)	900.00	Unfavourable
		1 288.67	**Unfavourable**
Production:			
Product A	2 500 x (54.47104 – 53.381053)	2 724.97	Unfavourable
Product B	1 500 x (89.9811 – 96.09314)	-9 168.06	Favourable
		-6 443.09	**Favourable**
NPMC		**845.58**	Unfavourable

(€)

Profit and Loss Statement per Functions				
	Product A	**Product B**	**By-Product C**	**Total**
Sales	150 000(1)	110 000(2)	2 200(3)	262 200
MCPS	106 762.11(4)	96 093.14(5)	2 200(6)	205 055.25
Subtotal	43 237.89	13 906.86	0	57 144.75
NPMC				5 843
Gross Profit				**56 299.17**
Distribution Costs				
Variable	6 375(7)	4 675(8)	-	11 050
Fixed				18 250(9)
Administ. Costs				47 000(10)
Operational Profit				**-20 000.83**
Financing Costs				6 500
Profit before taxes				**-26 500.83**

(1) 75 x 2000

(2) 110 x 1 000

(3) 20 x 110

(4) 2 000 x 53.381053

(5) 1 000 x 96.09314

(6) 110 x 20

(7) 150 000 x 4.25%

(8) 110 000 x 4.25%

(9) 5 000 x 1.6+ 5 000 + 5 250

(10) 20 000 x 1.6 + 15 000