

Dr. Babasaheb Ambedkar Open University
Term End Examination July -2026

Course : Diploma Course Subject Code : DACA-04 Subject Name : Variance Analysis and other Aspects of Cost Accounting	Date : 09/07/2026 Time : 11:30am to 01:45pm Duration : 02.15 Hours Max. Marks : 70
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Q-1 Discuss the meaning and establishment of the standard. **14**

OR

The Standard Cost of a certain chemical mixture for Manisha Ltd. is:
 35% Material A at Rs. 5.00 per kg.
 65% Material B at Rs. 7.20 per kg.
 A Standard loss of 5% is expected in production. During a period, the material used:
 250 kg of Material A at Rs. 5.40 per kg and
 550 kg of Material B at Rs. 6.80 per kg
 The actual output was 730 kgs.
 Calculate:

- A. Material Cost Variance
- B. Material Price Variance
- C. Material Mix Variance
- D. Material Yield Variance

Q-2 Explain the Material Mix Sub-Variance and Material Yield Sub-Variance in detail. **14**

OR

Data related to Workers employed in Arushi Ltd. for the production of one unit of a product are as follows:

Types	Hours	Wage Rate Rs.	Total Amount Rs.
Skilled	15	4.00	60.00
Unskilled	24	2.00	48.00
Semi-Skilled	12	3.00	36.00
			144.00

Actual Performance: Actual Production 100 Units.

Types	Hours	Wage Rate Rs.	Total Amount Rs.
Skilled	1,400	5.00	7,000
Unskilled	3,000	1.80	5,400
Semi-Skilled	1,260	3.00	3,780
	5,660		16,180

Calculate the following variances:

- (a) Labour Cost Variance
- (b) Wage Rate Variance
- (c) Labour Efficiency Variance
- (d) Labour Mix Variance

Q-3 Discuss Labour Efficiency Variance and Idle Time Variance in detail. **14**

OR

The following is the information about sales by Sharp Ltd. in April 2024.

	Standard			Actual		
	Quantity (units)	Price Rs.	Amount Rs.	Quantity (units)	Price Rs.	Amount Rs.
A	1,000	12	12,000	1,200	13	15,600
B	600	15	9,000	400	14	5,600
Total	1,600		21,000	1,600		21,200

Calculate:

- (1) Sales Value Variances.
- (2) Sales Price Variances
- (3) Sales Volume Variances
- (4) Sales Mix Variances

Q-4 Explain Calendar Variance and Capacity Variance with an illustration.

14

OR

The following information is obtained from the cost accounts of Nagraj Ltd. Calculate fixed Overhead variances based on this information.

	Standard	Actual
Hours During a month	3,000 hours	3,270 Hours
Days in each month	25 days	27 Days
Monthly fixed overhead	Rs. 1,500	Rs. 1,600
Monthly Production	2,000 Units	2,200 Units

Q-5 (A) Short notes (Any three)

09

1. Components of Standard Cost
2. Material Price Variance
3. Labour Rate Variance
4. Fixed Overhead Cost Variance
5. Sales Volume Sub-variance

(B) Choose the correct option for the questions given below and write the answer. 05

1. Variance analysis is mainly used for:
 - (A) Preparing ledger accounts
 - (B) Comparing actual performance with standard performance
 - (C) Recording journal entries
 - (D) Calculating depreciation
2. The Material Cost Variance (MCV) formula is:
 - (A) $SP - AP$ (B) $SQ - AQ$ (C) $(SQ \times SP) - (AQ \times AP)$ (D) $AQ \times SP$
3. The Labour Rate Variance formula is:
 - (A) $AH (SR - AR)$ (B) $SR (SH - AH)$ (C) $SH \times AR$ (D) $AH \times SR$
4. Overhead variance relates to:
 - (A) Indirect costs (B) Direct material only
 - (C) Selling price only (D) Cash flow
5. Fixed overhead variance arises due to:
 - (A) Change in selling price
 - (B) Difference between absorbed and actual fixed overhead
 - (C) Material wastage
 - (D) Labor turnover
