PROBLEM 11–13 Materials and Labor Variances; Computations from Incomplete Data [LO 11–1, LO 11–2]

Topaz Company makes one product and has set the following standards for materials and labor:

	Direct Materials	Direct Labor
Standard quantity or hours per unit	? pounds	2.5 hours
Standard price or rate	? per pound	$9.00 per hour
Standard cost per unit	?	$22.50

During the past month, the company purchased 6,000 pounds of direct materials at a cost of $16,500. All of this material was used in the production of 1,400 units of product. Direct labor cost totaled $28,500 for the month. The following variances have been computed:

Materials quantity variance	$1,200 U
Total materials spending variance	$300 F
Labor efficiency variance	$4,500 F

Required:

1. For direct materials:
   a. Compute the standard price per pound for materials.
   b. Compute the standard quantity allowed for materials for the month's production.
   c. Compute the standard quantity of materials allowed per unit of product.

2. For direct labor:
   a. Compute the actual direct labor cost per hour for the month.
   b. Compute the labor rate variance.

(Hint: In completing the problem, it may be helpful to move from known to unknown data either by using the variance formulas or by using the columnar format shown in Exhibits 11–5 and 11–6.)