**The Litton Company**

**The Litton Company has established standards as follows.**Direct material: 3 pounds per unit @ $4 per pound = $12 per unit  
Direct labor: 2 hours per unit @ $8 per hour = $16 per unit  
Variable manufacturing overhead: 2 hours per unit @ $5 per hour = $10 per unit

Actual production figures for the past year are given below.   
The company records the materials price variance when materials are purchased.   
The company does not have beginning or ending inventory of direct materials.

|  |  |  |
| --- | --- | --- |
| Units produced | 600 | Units |
| Direct materials used | 2,000 | Pounds |
| Direct materials purchased (2,000 pounds) | $7,600 |  |
| Direct labor cost (1,100 hours) | $9,240 |  |
| Variable manufacturing overhead cost incurred | $5,720 |  |

The company applies variable manufacturing overhead to products on the basis of standard direct labor-hours.

1. The materials price variance is:   
A. $400 U B. $400 F C. $600 F D. $600 U

2. The materials quantity variance is:   
A. $800 U B. $4,000 U C. $760 U D. $760 F

3. The labor rate variance is:   
A. $480 F B. $480 U C. $440 F D. $440 U

4. The labor efficiency variance is:   
A. $800 F B. $800 U C. $840 F D. $840 U

5. The variable overhead rate variance is:   
A. $240 U B. $220 U C. $220 F D. $240 F

6. The variable overhead efficiency variance is:   
A. $520 F B. $520 U C. $500 U D. $500 F