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**QUESTION 1**

**Multiple Versions of the Plan**

1. What should Anthony do? Why?

**QUESTION 2**

Sharp Company manufactures jeans. In June, Sharp made 1200 pairs of jeans, but had budgeted production at 1400 pairs of jeans. The allocation base for overhead costs is direct labor hours. The following additional data is available for the month:

|  |  |
| --- | --- |
| Variable overhead cost standard | $0.60 per DLHr |
| Direct labor efficiency standard | 2.00 DLHr per jean |
| Actual amount of direct labor hours | 2,520 DLHr |
| Actual cost of variable overhead | $1,512 |
| Fixed overhead cost standard | $0.25 per DLHr |
| Budgeted fixed overhead | $700 |
| Actual cost of fixed overhead | $750 |

Calculate the following variances:

1. Variable overhead cost variance
2. Variable overhead efficiency variance
3. Total variable overhead variance
4. Fixed overhead cost variance
5. Fixed overhead volume variance
6. Total fixed overhead variance

**QUESTION 3**

Lane has been approached by Casey Henderson, a former colleague who worked with Lane when they were both employed by a public accounting firm. Henderson has recently started his own firm, Henderson Benchmarking Associates, which collects and sells data on industry benchmarks. He offers to provide Lane with benchmarks for the outdoor furniture industry free of charge if she will provide him with the past three years of Outdoor Living’s standard and actual costs. Henderson explains that this is how he obtains most of his firm’s benchmarking data. Lane always has a difficult time with the standard-setting process and believes that the benchmark data would be very useful.

Requirements

1. Use the IMA’s ethical guidelines (www.imanet.org/PDFs/Statement%20of%20Ethics\_web.pdf) to identify the ethical dilemma.
2. Identify the relevant factors in the situation, and suggest what Lane should recommend to the controller.