

## B-22.08

Jim Graham Integrated Services uses a standard cost system, and calculates and records variances related to direct materials and direct labor. The following information was available for March:

Purchases of raw materials - actual cost	\$ 100,000
Purchases of raw materials - standard cost	105,000

All of the purchased raw material was transferred to work in process, and the materials quantity variance was unfavorable by \$10,000.

Direct labor - actual cost	\$ 135,000
Direct labor - standard cost for output	132,500

The labor efficiency variance was favorable by \$7,500.

- (a) Prepare the journal entry that is needed to record the purchase of raw materials at standard price, and the related variance.
- (b) Prepare the journal entry that is needed to record the transfer of raw materials to production at standard usage rates, and the related unfavorable quantity variance.
- (c) Prepare the journal entry that is needed to record the increase in work in process for the standard direct labor costs, and record the related rate and efficiency variances.