



UNIVERSITÀ
DEGLI STUDI
DI BERGAMO

Dipartimento
di Scienze Aziendali

Flexible budgets

Excercise 2

Prof. ssa Chiara Oppi

The exercise

Ray Company provided the following excerpts from its Production Department's flexible budget performance report.

Ray Company											
Production Department Flexible Budget Performance Report											
For the Month Ended August 31											
					Actual Results	Spending Variances		Flexible Budget	Activity Variances		Planning Budget
Labor-hours (q)					9,520						9,040
Direct labor		(q)			\$154,370			\$152,320			
Indirect labor		+	\$1.30	(q)		2,572	F	19,836			
Utilities	\$6,900	+		(q)		1,490	U		528	U	16,844
Supplies		+		(q)	4,996			4,484			4,340
Equipment depreciation	\$79,400	-				0	None		0	None	
Factory administration	\$18,780	+	\$1.30	(q)		1,180	F				
Total expense					\$304,868						



Requirements

1. Complete the Production Department's Flexible Budget Performance Report.
(Indicate the effect of each variance by selecting "F" for favorable, "U" for unfavorable, and "None" for no effect (i.e., zero variance). Input all amounts as positive values.)

