

M15.1.

	<u>Cost Formula</u>	<i>Original Budget</i> <i>(17,500 units)</i>	<i>Flexed Budget</i> <i>(17,000 units)</i>
Direct materials.....	\$8.00 per unit	\$140,000	\$136,000
Direct labor.....	\$10.00 per unit	175,000	170,000
Variable overhead.....	\$6.00 per unit	105,000	102,000
Fixed overhead.....	\$35,000 per month	<u>35,000</u>	<u>35,000</u>
Total budgeted cost...		<u>\$455,000</u>	<u>\$443,000</u>

M15.2.

<u>Cost Component</u>	<u>Original Budget</u> <i>(17,500 units)</i>	<u>Flexed Budget</u> <i>(17,000 units)</i>	<u>Actual Cost⁽¹⁾</u> <i>(17,000 units)</i>	<u>Budget Variance</u>
Direct materials.....	\$140,000	\$136,000	\$140,250	\$4,250 U
Direct labor.....	175,000	170,000	160,650	9,350 F
Variable overhead...	105,000	102,000	115,940	13,940 U
Fixed overhead.....	<u>35,000</u>	<u>35,000</u>	<u>33,500</u>	<u>1,500 F</u>
Total budgeted cost	<u>\$455,000</u>	<u>\$443,000</u>	<u>\$450,340</u>	<u>\$7,340 U</u>

⁽¹⁾ Variable cost calculations for actual unit costs incurred:

Direct materials = \$8.25 * 17,000 units = \$140,250

Direct labor = \$9.45 * 17,000 units = \$160,650

Variable overhead = \$6.82 * 17,000 units = \$115,940