

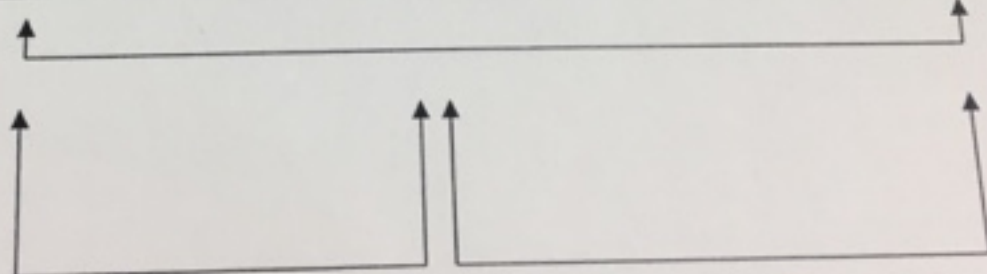
Name Kendall Bailey

PROBLEM 1 (50 POINTS)

The actual information pertains to the month of August. As part of the budgeting process Dynamic Dave's Doughnut Dot Company developed the following static budget for August. Dynamic Dave's Doughnut Dot Company is in the process of preparing the flexible budget and understanding the results.

Dynamic Dave's Doughnut Dot Company
Variance Analysis

	Actual Results	Flex-budget Variances	Flexible Budget	Sales- Volume Static Variances	Static Budget
Units (dozens) sold	<u>225,000</u>				<u>260,000</u>
Sales	\$840,000	\$ _____	\$ _____	\$ _____	\$ 949,000
Variable costs					
Direct materials	483,538	_____	_____	_____	532,740
(68200 lbs @ 7.09/lb)					(78000 lbs @ 6.83/lb)
Direct labor	<u>76,950</u>	_____	_____	_____	<u>94,075</u>
(10125 hrs @ 7.60/hr)					(13250 hrs @ 7.10)
Total variable costs	<u>560,488</u>	\$ _____	\$ _____	\$ _____	<u>626,815</u>
Contribution margin	279,512	\$ _____	\$ _____	\$ _____	\$322,185
Fixed costs	<u>148,000</u>	\$ _____	\$ _____	\$ _____	<u>150,000</u>
Operating income	<u>\$131,512</u>	\$ _____	\$ _____	\$ _____	\$ <u>172,185</u>



quired:

Complete the above variance analysis report; make sure to compute the static budget variance, flexible-budget variance and sales-volume variance.