

PROBLEM SET B

Problem 22-1B

Manufacturing:

Preparing production and
manufacturing budgets

22 P1

Check (1) Units manuf.,
248,000

(2) Cost of
materials purchases,
\$2,964,000

NSA Company produces baseball bats. Each bat requires 3 pounds of aluminum alloy. Management predicts that 8,000 bats and 15,000 pounds of aluminum alloy will be in inventory on March 31 of the current year and that 250,000 bats will be sold during this year's second quarter. Bats sell for \$80 each. Management wants to end the second quarter with 6,000 finished bats and 12,000 pounds of aluminum alloy in inventory. Aluminum alloy can be purchased for \$4 per pound. Each bat requires 0.5 hours of direct labor at \$18 per hour. Variable overhead is applied at the rate of \$12 per direct labor hour. The company budgets fixed overhead of \$1,776,000 for the quarter.

Required

1. Prepare the second-quarter production budget for bats.
 2. Prepare the second-quarter direct materials (aluminum alloy) budget; include the dollar cost of purchases.
 3. Prepare the direct labor budget for the second quarter.
 4. Prepare the factory overhead budget for the second quarter.
-