

Exercise 9-14 (30 minutes)

1.

Raredon Corporation
Direct Labor Budget

	<i>1st</i> <i>Quarter</i>	<i>2nd</i> <i>Quarter</i>	<i>3rd</i> <i>Quarter</i>	<i>4th</i> <i>Quarter</i>	<i>Year</i>
Units to be produced.....	12,000	14,000	13,000	11,000	50,000
Direct labor time per unit (hours)	<u>× 0.70</u>	<u>× 0.70</u>	<u>× 0.70</u>	<u>× 0.70</u>	<u>× 0.70</u>
Total direct labor-hours needed	8,400	9,800	9,100	7,700	35,000
Direct labor cost per hour	<u>× \$10.50</u>	<u>× \$10.50</u>	<u>× \$10.50</u>	<u>× \$10.50</u>	<u>× \$10.50</u>
Total direct labor cost	<u>\$ 88,200</u>	<u>\$102,900</u>	<u>\$ 95,550</u>	<u>\$ 80,850</u>	<u>\$367,500</u>

2.

Raredon Corporation
Manufacturing Overhead Budget

	<i>1st</i> <i>Quarter</i>	<i>2nd</i> <i>Quarter</i>	<i>3rd</i> <i>Quarter</i>	<i>4th</i> <i>Quarter</i>	<i>Year</i>
Budgeted direct labor-hours.....	8,400	9,800	9,100	7,700	35,000
Variable overhead rate	<u>× \$1.50</u>	<u>× \$1.50</u>	<u>× \$1.50</u>	<u>× \$1.50</u>	<u>× \$1.50</u>
Variable manufacturing overhead	\$12,600	\$14,700	\$13,650	\$11,550	\$ 52,500
Fixed manufacturing overhead	<u>80,000</u>	<u>80,000</u>	<u>80,000</u>	<u>80,000</u>	<u>320,000</u>
Total manufacturing overhead	92,600	94,700	93,650	91,550	372,500
Less depreciation.....	<u>22,000</u>	<u>22,000</u>	<u>22,000</u>	<u>22,000</u>	<u>88,000</u>
Cash disbursements for manufacturing overhead	<u>\$70,600</u>	<u>\$72,700</u>	<u>\$71,650</u>	<u>\$69,550</u>	<u>\$284,500</u>