The following information is available for Brownstone Products Company for the month of July

|  |  |  |
| --- | --- | --- |
|  | Actual | Master Budget |
| Units | 3,800 | 4,000 |
| Sales revenue | $53,200 | $60,000 |
| Variable manufacturing costs | 19,000 | 16,000 |
| Fixed manufacturing costs | 16,000 | 15,000 |
| Variable selling and administrative expenses | 7,700 | 8,000 |
| Fixed selling and administrative expenses | 10,000 | 9,000 |

1. Set up a spreadsheet to compute the July sales volume variance and the flexible-budget variance for the month in terms of both contribution margin and operating income

2. Create an electronic spreadsheet that will allow the firm to prepare pro forma budgets for activities within the relevant range of operations and prepare flexible budgets when sales are:

a. 3,750 units

b. 4,150 units