Engle Manufacturing Company established the following information of prices and costs:

|  |  |
| --- | --- |
| Sale Price | $50 por unidad |
| Variable cost of production | $32 por unidad |
| Fixed costs total of production | $100,000 |
| Fixed costs total of sale and administrative | $40,000 |

Engle expects that to produce and to sell 15,000 units. The production and the current sales elevated to 16,000 units.

It required:

A) Determine the variance of the sales volume, include the variance

by the sales and the variable costs of production.

B) To classify the variance in Favorable (F)

Or Unfavorable (D).

(a), (b)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Static budget | Flexible budget | variance | Favorable or  Unfavorable |
| Number of units |  |  |  |  |
| Sales |  |  |  |  |
| Variable costs of manufacture |  |  |  |  |

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