**E14.1 Production and Purchases budgets**

Gold Medal Productions, Inc. makes award medallions that are attached to ribbons. Each medallion requires 18 inches of ribbon. The sales forecast for July is 4,000 medallions. Estimated beginning inventories and desired ending inventories for July are:

|  |  |  |
| --- | --- | --- |
|  | Estimated Beginning Inventory | Desired Ending Inventory |
| Medallions | 2,000 | 1,000 |
| Ribbon (yards) | 100 | 40 |

Required:

1. Calculate the number of medallions to be produced in July.
2. Calculate the number of yards of ribbon to be purchased in July.

**E15.4 Performance reporting and flexible budgeting**:

For the stamping department of a manufacturing firm, the standard cost for direct labor is $12 per hour, and the production standard calls for 1,000 stampings per hour. During June 168, hours were required for actual production of 148,000 stampings. Actual direct labor cost for the stamping department for June was $2,184.

Required:

1. Complete the following performance report for June

|  |  |  |  |
| --- | --- | --- | --- |
|  | Flexed Budget | Actual | Budget Variance |
| Direct Labor |  |  |  |

1. Analyze the budget variance by calculating the direct labor efficiency and rate variances for June.
2. What alternatives to preceding monthly report could improve control over the stamping department’s direct labor?