|  |
| --- |
| Packaging Solutions Corporation manufactures and sells a wide variety of packaging products. Performance reports are prepared monthly for each department. The planning budget and flexible budget for the Production Department are based on the following formulas, where q is the number of labor-hours worked in a month: |

Cost Formulas

|  |  |
| --- | --- |
| Direct labor | $14.80q |
| Indirect labor | $7,300 + $1.40q |
| Utilities | $8,200 + $0.70q |
| Supplies | $1,000 + $0.20q |
| Equipment depreciation | $22,500 + $3.10q |
| Factory rent | $6,600 |
| Property taxes | $1,540 |
| Factory administration | $11,650 + $1.70q |
|  | |

|  |
| --- |
| The actual costs incurred in March in the Production Department are listed below: |

|  |  |
| --- | --- |
|  | Actual Cost Incurred in March |
| Direct labor | $123,730 |
| Indirect labor | $19,060 |
| Utilities | $16,370 |
| Supplies | $3,070 |
| Equipment depreciation | $51,330 |
| Factory rent | $8,100 |
| Property taxes | $1,540 |
| Factory administration | $20,570 |

|  |  |
| --- | --- |
| **Requirement 1:** | |
| The company had budgeted for an activity level of 10,000 labor-hours in March. Prepare the Production Department's planning budget for the month.**(Input all amounts as positive values. Omit the "$" sign in your response.)** | |
| Packaging Solutions Corporation Production Department Planning Budget For the Month Ended March 31 | |
| Direct labor | $ |
| Indirect labor |  |
| Utilities |  |
| Supplies |  |
| Equipment depreciation |  |
| Factory rent |  |
| Property taxes |  |
| Factory administration |  |
|  |  |
| Total expense | $ |
| |  |  | | --- | --- | | **Requirement 2:** | | | The company actually worked 9,300 labor-hours in March. Prepare the Production Department's flexible budget for the month. **(Input all amounts as positive values. Omit the "$" sign in your response.)** | | | Packaging Solutions Corporation Production Department Flexible Budget For the Month Ended March 31 | | | Direct labor | $ | | Indirect labor |  | | Utilities |  | | Supplies |  | | Equipment depreciation |  | | Factory rent |  | | Property taxes |  | | Factory administration |  | |  |  | | Total expense | $ | |  |  | |  |