

Inventory Information, Direct Materials		
	Cloth	Wood
Beginning inventory	610 yards	800 b.f.
Target ending inventory	386 yards	295 b.f.
Cost of beginning inventory	\$3,219	\$6,060

Tyva accounts for direct materials using a FIFO cost flow assumption.

Sales and Inventory Information, Finished Goods		
	Regular	Deluxe
Expected sales in units (pairs of sandals)	2,000	3,000
Selling price	\$ 120	\$ 195
Target ending inventory in units	400	600
Beginning inventory in units	250	650
Beginning inventory in dollars	\$23,250	\$92,625

Tyva uses a FIFO cost flow assumption for finished goods inventory.

All the sandals are made in batches of 50 pairs of sandals. Tyva incurs manufacturing overhead costs, marketing and general administration, and shipping costs. Besides materials and labor, manufacturing costs include setup, processing, and inspection costs. Tyva ships 40 pairs of sandals per shipment. Tyva uses activity-based costing and has classified all overhead costs for the month of June as shown in the following chart:

Cost type	Denominator Activity	Rate
Manufacturing		
Setup	Setup-hours	\$18 per setup-hour
Processing	Direct manufacturing labor-hours	\$1.80 per DMLH
Inspection	Number of pairs of sandals	\$1.35 per pair
Nonmanufacturing		
Marketing and general administration	Sales revenue	8%
Shipping	Number of shipments	\$15 per shipment

Required

1. Prepare each of the following for June:
 - a. Revenues budget
 - b. Production budget in units
 - c. Direct material usage budget and direct material purchases budget in both units and dollars; round to dollars
 - d. Direct manufacturing labor cost budget
 - e. Manufacturing overhead cost budgets for processing and setup activities
 - f. Budgeted unit cost of ending finished goods inventory and ending inventories budget
 - g. Cost of goods sold budget
 - h. Marketing and general administration costs budget