

B-21.04

Prepare a direct materials purchasing plan for January, February, and March, based on the following facts.

Lana Gonzales owns a business that assembles ceiling fan units. Each fan requires one motor system and four blades. Motors cost \$40 each, and blades are \$3.50 each. Lana is able to reliably obtain motors as needed, and does not maintain them in inventory. However, blades are stocked in inventory sufficient to produce 30% of the following month's expected production. Planned production is as follows:

January	10,000
February	12,000
March	15,000
April	11,000

In accordance with the stocking plan, January's beginning inventory included 12,000 blades.