

**TRUE/FALSE. Write 'T' if the statement is true and 'F' if the statement is false.**

- 1) A food and beverage company like Pepsi would most likely use process costing. 1) \_\_\_\_\_
- 2) Job costing is used by companies that produce large numbers of identical units of production in a continuous fashion. 2) \_\_\_\_\_
- 3) Job costing systems accumulate the costs for each individual job. 3) \_\_\_\_\_
- 4) Companies should always use job costing rather than process costing. 4) \_\_\_\_\_
- 5) International Financial Reporting Standards (IFRS) mandates the type of product costing system (job costing or process costing) that must be used by a manufacturer for external reporting. 5) \_\_\_\_\_
- 6) Job costing should only be used by manufacturers. 6) \_\_\_\_\_
- 7) The end goal of process costing and job costing at a manufacturing company is to find the cost of producing one unit of product. 7) \_\_\_\_\_
- 8) Process costing is often used by professional service providers, such as law firms. 8) \_\_\_\_\_
- 9) All manufacturers use either a pure process costing system or a pure job costing system. 9) \_\_\_\_\_
- 10) Companies use process costing when their products or services vary in terms of materials needed, time required to complete the product, and/or the complexity of the production process. 10) \_\_\_\_\_
- 11) Process costing is a useful system for tracking the costs of building a house. 11) \_\_\_\_\_

**MULTIPLE CHOICE. Choose the one alternative that best completes the statement or answers the question.**

- 12) What types of businesses can use a job costing system? 12) \_\_\_\_\_
  - A) Service, manufacturing, and merchandising businesses
  - B) Service and manufacturing businesses
  - C) Manufacturing and merchandising businesses
  - D) Service and merchandising businesses
- 13) Which product costing system would better account for a unique product? 13) \_\_\_\_\_
  - A) Job costing system
  - B) Product costing system
  - C) Overhead costing system
  - D) Process costing system

- 14) What are the two basic types of costing systems? 14) \_\_\_\_\_  
A) Job costing and process costing  
B) Periodic costing and process costing  
C) Periodic costing and perpetual costing  
D) Product costing and materials inventory costing
- 15) Job costing is most likely used in which of the following industries? 15) \_\_\_\_\_  
A) Commercial building construction B) Food and beverage  
C) Pharmaceuticals D) Chemicals
- 16) Which of the following is an example of an industry that would use a process costing rather than a job costing-system? 16) \_\_\_\_\_  
A) Boeing Jets B) Centex Custom Homes  
C) Coca-Cola D) Snyder & Lewis, Attorneys at Law
- 17) Which of the following is most likely to use job order costing? 17) \_\_\_\_\_  
A) Ashley Custom Furnishings B) Exxon-Mobile (gasoline)  
C) General Mills (cereal) D) DuPont Chemical
- 18) What type of product costing system would a manufacturer of plywood use? 18) \_\_\_\_\_  
A) Job costing B) Process costing  
C) Either job or process D) Both job and process
- 19) What type of product costing system would a manufacturer of luxury yachts use? 19) \_\_\_\_\_  
A) Job costing B) Process costing  
C) Either job or process D) Both job and process
- 20) An example of an industry that uses process costing might be a 20) \_\_\_\_\_  
A) shipbuilder. B) homebuilder.  
C) custom printer. D) company that makes cement.
- 21) Job order costing might be used by a 21) \_\_\_\_\_  
A) cereal maker. B) crude oil refinery.  
C) candy manufacturer. D) custom home builder.
- 22) The system for assigning costs to unique cost objects is called 22) \_\_\_\_\_  
A) process costing. B) job costing.  
C) time costing. D) service costing.
- 23) A type of costing used for many similar products is called 23) \_\_\_\_\_  
A) batch costing. B) job costing.  
C) service costing. D) process costing.

- 24) Which of the following would be appropriately costed using a process costing system? 24) \_\_\_\_\_
- A) A law firm managing individual legal cases
- B) Oil refining
- C) Assembly of individual aircraft by Bombardier
- D) Movies produced by Lions Gate Entertainment
- 25) Which of the following would be appropriately costed using a job costing system? 25) \_\_\_\_\_
- A) Lumber dealing by Weyerhaeuser                      B) Beverage production
- C) Bank clearing at TD Canada Trust                      D) Replacing a homeowner's furnace

**MATCHING. Choose the item in column 2 that best matches each item in column 1.**

Match the following:

- |                            |                    |           |
|----------------------------|--------------------|-----------|
| 26) Custom home builder    | A) Job costing     | 26) _____ |
| 27) Paint manufacturer     | B) Process costing | 27) _____ |
| 28) Carpet manufacturer    |                    | 28) _____ |
| 29) Concrete manufacturer  |                    | 29) _____ |
| 30) Jumbo jet manufacturer |                    | 30) _____ |
| 31) Soft drink bottler     |                    | 31) _____ |
| 32) Yacht builder          |                    | 32) _____ |
| 33) Hospital               |                    | 33) _____ |
| 34) Printing firm          |                    | 34) _____ |
| 35) Flour mill             |                    | 35) _____ |

**ESSAY. Write your answer in the space provided or on a separate sheet of paper.**

- 36) Briefly explain the difference between job order and process costing and give examples of each.

**TRUE/FALSE. Write 'T' if the statement is true and 'F' if the statement is false.**

- 37) A job cost record is a document that accumulates direct materials costs, direct labour costs and manufacturing overhead costs assigned to jobs. 37) \_\_\_\_\_

- 38) At a manufacturing company, inventory flows from work in process inventory, to raw materials inventory, to finished goods inventory. 38) \_\_\_\_\_
- 39) When raw materials are transferred out of the storeroom to the factory, their cost is transferred out of raw materials inventory and into finished goods inventory. 39) \_\_\_\_\_
- 40) When the products are shipped to customers, the cost of manufacturing those products becomes Cost of Goods Sold (COGS) shown on the company's balance sheet. 40) \_\_\_\_\_
- 41) A production schedule indicates the quantity and types of inventory that are scheduled to be manufactured during the period. 41) \_\_\_\_\_
- 42) The bill of materials lists all of the raw materials needed to manufacture the job. 42) \_\_\_\_\_
- 43) A labour time record identifies the employee and the amount of time the employee spent on a particular job. 43) \_\_\_\_\_
- 44) A production schedule always covers a one-year period of time. 44) \_\_\_\_\_
- 45) A receiving report is used to order needed materials from suppliers. 45) \_\_\_\_\_
- 46) The quantities of incoming shipments of raw materials are counted and recorded on a receiving report. 46) \_\_\_\_\_
- 47) A receiving report is typically a duplicate of the purchase order, but without the quantity pre-listed on the form. 47) \_\_\_\_\_
- 48) A job cost record is used to record direct materials and direct labour. Manufacturing overhead is not recorded on a job cost record because it cannot be traced to a specific job. 48) \_\_\_\_\_

**MULTIPLE CHOICE. Choose the one alternative that best completes the statement or answers the question.**

- 49) Which of these documents is used to accumulate the costs of a job? 49) \_\_\_\_\_  
 A) Labour time record B) Bill of materials  
 C) Materials inventory requisition form D) Job cost record
- 50) Which of these documents substantiates the balance of the raw materials inventory account shown on the company's balance sheet? 50) \_\_\_\_\_  
 A) Bill of materials B) Materials requisition  
 C) Labour time record D) Raw materials records



- 51) Which of these documents informs the storeroom to send specific materials to the factory floor? 51) \_\_\_\_\_  
 A) Purchase order B) Receiving report  
 C) Materials requisition D) Bill of materials
- 52) When direct materials are requisitioned, they flow directly into 52) \_\_\_\_\_  
 A) manufacturing overhead. B) work in process inventory.  
 C) finished goods inventory. D) cost of goods sold.
- 53) The assignment of direct and indirect materials to cost objects reduces 53) \_\_\_\_\_  
 A) manufacturing overhead. B) raw materials inventory.  
 C) work in process inventory. D) finished goods inventory.
- 54) A source document for tracking employee hours is called a 54) \_\_\_\_\_  
 A) labour time record. B) process costing.  
 C) job costing. D) job cost record.
- 55) A document that accumulates job costs is called a 55) \_\_\_\_\_  
 A) bill of materials. B) labour time record.  
 C) production schedule. D) job cost record.
- 56) Which comes first in the flow of costs? 56) \_\_\_\_\_  
 A) Cost of goods sold B) Finished goods inventory  
 C) Raw materials inventory D) Work in process inventory
- 57) Which comes second in the flow of costs? 57) \_\_\_\_\_  
 A) Cost of goods sold B) Finished goods inventory  
 C) Raw materials inventory D) Work in process inventory
- 58) Which comes third in the flow of costs? 58) \_\_\_\_\_  
 A) Cost of goods sold B) Finished goods inventory  
 C) Raw materials inventory D) Work in process inventory
- 59) Which comes last in the flow of costs? 59) \_\_\_\_\_  
 A) Cost of goods sold B) Finished goods inventory  
 C) Raw materials inventory D) Work in process inventory
- 60) What is the document which is prepared by manufacturing personnel to request materials for the 60) \_\_\_\_\_  
 production process?  
 A) Job cost record B) Manufacturing ticket  
 C) Materials requisition D) Cost ticket

- 61) An internal request for raw materials calls for a \_\_\_\_\_ to be completed. 61) \_\_\_\_\_  
 A) purchase order B) materials requisition  
 C) bill of materials D) labour time record
- 62) When used, raw materials 62) \_\_\_\_\_  
 A) would be classified as indirect materials.  
 B) would be classified as direct labour.  
 C) would be classified as direct materials.  
 D) cannot be classified based on the information provided.
- 63) Payroll costs for factory employees who do not work directly on the product are considered 63) \_\_\_\_\_  
 A) manufacturing overhead. B) administrative costs.  
 C) selling expenses. D) direct labour.
- 64) Which of the following would most likely be a direct cost in a manufacturing company? 64) \_\_\_\_\_  
 A) supervision and engineering B) raw materials  
 C) utilities D) repairs
- 65) Assigning direct costs to a cost object is called 65) \_\_\_\_\_  
 A) cost allocation. B) process costing.  
 C) job costing. D) cost tracing.

**SHORT ANSWER. Write the word or phrase that best completes each statement or answers the question.**

- 66) For a manufacturer that uses job costing, show the order of the cost flow through the following accounts by numbering them from 1 to 4. 66) \_\_\_\_\_
- \_\_\_\_\_ Finished goods inventory  
 \_\_\_\_\_ Raw materials inventory  
 \_\_\_\_\_ Cost of goods sold  
 \_\_\_\_\_ Work in process inventory

**MATCHING. Choose the item in column 2 that best matches each item in column 1.**

Match the following

- 67) Record of the time spent by each employee on each job he or she worked on A) Employee Time Card 67) \_\_\_\_\_

- |  |                          |           |
|--|--------------------------|-----------|
| 68) Sent by a supplier to bill a customer  | A) Job Cost Record       | 68) _____ |
| 69) Used to accumulate the direct materials and direct labour used on a job and the overhead allocated to it | B) Invoice               | 69) _____ |
|  | C) Materials Requisition |           |
| 70) A listing of all the raw materials needed to manufacture a job   |                          | 70) _____ |

**SHORT ANSWER.** Write the word or phrase that best completes each statement or answers the question.

- 71) Halifax Furniture manufactures a variety of furniture from recycled lumber. The following table lists several activities that occurred in the past month. Put the events in order by designating which step they would occur by writing a number in the "Order" column. Indicate whether the accounts noted on the top of the table would increase or decrease by marking with a "+" or "-" for each activity.

Event	Order	Raw Materials Inventory	WIP Inventory	Finished Goods Inventory	Cost of Goods Sold
An employee cuts and drills pieces of recycled lumber					
An order is received for five tables and they are shipped					
Ten tables are completed					
A truckload of recycled lumber is received					
One thousand board feet of recycled lumber is taken from the stockroom					

- 72) Custom Cedar Products (CCP) manufactures a line of outdoor furniture. In November, CCP received an order Outdoor Spaces for six 42 inch diameter tables with umbrella stand. The order from Outdoor Spaces became job 1296 at CCP. A Materials requisition for Job 1296 is presented in the following section. In addition to the materials requisition, The labour time records (partial) or the week that these tables were made are presented. Other products were also being produced during that week, so not all labour belongs to Job 1296, but all labour belonging to Job 1296 is shown.

Materials Requisition Number 1451				
Date: <u>11/21</u> Job: <u>1296</u>				
Part Number	Description	Quantity	Unit Cost	Amount
WOCD93	Rough-sawn cedar planks	30	\$ 12.00	
SSF03651	Stainless steel fasteners	144	\$ 1.00	
PB 245	Plastic Umbrella base	6	\$ 9.00	
	<b>TOTAL</b>			

Labour Time Record					
Employee : <u>Greg Johnson</u>			Week: <u>11/21 – 11/27</u>		
Hourly Wage Rate: <u>\$22</u>			Record: <u>862</u>		
Date	Job Number	Start Time	End Time	Hours	Cost
11/21	1296	8:00	12:00		
11/21	1245	1:00	4:00		
11/22etc					

Labour Time Record					
Employee : <u>John Fergusson</u>			Week: <u>11/21 – 11/27</u>		
Hourly Wage Rate: <u>\$19</u>			Record: <u>863</u>		
Date	Job Number	Start Time	End Time	Hours	Cost
11/21	1231	9:00	12:00		
11/21	1296	1:00	3:00		
11/21	1287	2:00	5:00		
11/22 etc					

Job Cost record	
Job Number: <u>1296</u>	
Customer: <u>Outdoor Spaces</u>	
Job Description: <u>6 Model 42R Cedar Tables</u>	
Date Started: <u>November 21</u> Date Completed: <u>November 21</u>	
Manufacturing Cost Information	Cost Summary
Direct Materials Req.#:	
Direct Labour No.: No.:	
Manufacturing Overhead _____ Hours X \$3 per direct labour hour	
Total Job Cost	
Number of Units	
Cost per Unit	

Requirements:

1. Calculate the total for the Materials Requisition form. Post the information from the Materials Requisition form to the Job Cost Record.
2. Complete the labour time records for each of the employees and post the information to the Job Cost Record for Job 1296.
3. Complete the Job Cost Record.

73) Custom Cedar Products (CCP) manufactures a line of outdoor furniture. In April, CCP received an order Outdoor Spaces for ten 36 inch planter. The order from Outdoor Spaces became Job 1405 at CCP. A Materials requisition for Job 1405 is presented in the following section. In addition to the materials requisition, the labour time records (partial) or the week that these tables were made are presented. Other products were also being produced during that week, so not all labour belongs to Job 1405, but all labour belonging to Job 1405 is shown.

73) \_\_\_\_\_

Materials Requisition Number 1983				
Date: <u>4/18</u> Job: <u>1405</u>				
Part Number	Description	Quantity	Unit Cost	Amount
WOCD93	Rough-sawn cedar planks	25	\$ 12.00	
SSF03651	Stainless steel fasteners	72	\$ 1.00	
PB 245	Plastic Liner	10	\$ 9.00	
	<b>TOTAL</b>			

Labour Time Record					
Employee : <u>Greg Johnson</u>			Week: <u>4/18 – 4/25</u>		
Hourly Wage Rate: <u>\$23</u>			Record: <u>862</u>		
Date	Job Number	Start Time	End Time	Hours	Cost
4/18	1405	8:00	12:00		
4/18	1445	1:00	2:00		
4/18	1405	2:00	5:00		
4/19 etc					

Labour Time Record					
Employee : <u>John Fergusson</u>			Week: <u>4/18 – 4/25</u>		
Hourly Wage Rate: <u>\$18</u>			Record: <u>863</u>		
Date	Job Number	Start Time	End Time	Hours	Cost
4/18	1432	9:00	12:00		
4/18	1405	1:00	3:00		
4/18	1468	2:00	5:00		
4/19 etc					

Job Cost record	
Job Number: <u>1405</u>	
Customer: <u>Outdoor Spaces</u>	
Job Description: <u>6 Model 42R Cedar Tables</u>	
Date Started: <u>April 18</u>	Date Completed: <u>April 18</u>
Manufacturing Cost Information	Cost Summary
Direct Materials Req.#:	
Direct Labour No.: No.:	
Manufacturing Overhead _____ Hours X \$3 per direct labour hour	
Total Job Cost	
Number of Units	
Cost per Unit	

Requirements:

1. Calculate the total for the Materials Requisition form. Post the information from the

Materials Requisition form to the Job Cost Record.

2. Complete the labour time records for each of the employees and post the information to Job 1405 to the Job Cost Record.
3. Complete the Job Cost Record.

- 74) Custom Cedar Products (CCP) manufactures a line of outdoor furniture. In May, CCP received an order Outdoor Spaces for 20 thirty inch planter. The order from Outdoor Spaces became Job 2100 at CCP.
- A Materials requisition for Job 2100 is presented in the following section. In addition to the materials requisition, the labour time records (partial) for the week that these tables were made are presented. Other products were also being produced during that week, so not all labour belongs to Job 2100, but all labour belonging to Job 2100 is shown.

74) \_\_\_\_\_

Materials Requisition Number 5607				
Date: <u>5/12</u> Job: <u>2100</u>				
Part Number	Description	Quantity	Unit Cost	Amount
WOCD93	Rough-sawn cedar planks	40	\$ 12.00	
SSF03651	Stainless steel fasteners	144	\$ 1.00	
PB 245	Plastic Liner	20	\$ 9.00	
	<b>TOTAL</b>			

Labour Time Record					
Employee : <u>Greg Johnson</u>			Week: <u>5/12 – 5/19</u>		
Hourly Wage Rate: <u>\$23</u>			Record: <u>862</u>		
Date	Job Number	Start Time	End Time	Hours	Cost
5/12	2100	8:00	12:00		
5/12	2102	1:00	2:00		
5/12	2100	2:00	5:00		
5/13 etc					

Labour Time Record					
Employee : <u>John Fergusson</u>			Week: <u>5/12 – 5/19</u>		
Hourly Wage Rate: <u>\$18</u>			Record: <u>863</u>		
Date	Job Number	Start Time	End Time	Hours	Cost
5/12	2103	9:00	12:00		
5/12	1999	1:00	3:00		
5/12	2100	2:00	5:00		
4/19 etc					

Job Cost record	
Job Number: <u>2100</u>	
Customer: <u>Outdoor Spaces</u>	
Job Description: <u>6 Model 42R Cedar Tables</u>	
Date Started: <u>May 12</u>	Date Completed: <u>May 12</u>
	Cost Summary
Direct Materials Req.#:	
Direct Labour No.: No.:	
Manufacturing Overhead _____ Hours X \$3 per direct labour hour	
Total Job Cost	
Number of Units	
Cost per Unit	

Requirements:

1. Calculate the total for the Materials Requisition form. Post the information from the Materials Requisition form to the Job Cost Record.
2. Complete the labour time records for each of the employees and post the information t Job 2100 to the Job Cost Record.
3. Complete the Job Cost Record.

75) Custom Cedar Products (CCP) manufactures a line of outdoor furniture. In June, CCP received an order Outdoor Spaces for 25, 54 inch tables with umbrella stand. The order from Outdoor Spaces became Job 3300 at CCP. A Materials requisition for Job 3300 is presented in the following section. In addition to the materials requisition, the labour time records (partial) or the week that these tables were made are presented. Other products were also being produced during that week, so not all labour belongs to Job 3300, but all labour belonging to Job 3300 is shown.

75) \_\_\_\_\_

Materials Requisition Number 5607				
Date: <u>6/18</u>				
Job: <u>3300</u>				
Part Number	Description	Quantity	Unit Cost	Amount
WOCD93	Rough-sawn cedar planks	55	\$ 12.00	
SSF03651	Stainless steel fasteners	125	\$ 1.00	
PB 245	Plastic Liner	25	\$ 9.00	
	<b>TOTAL</b>			

Labour Time Record					
Employee : <u>Greg Johnson</u>			Week: <u>6/18 – 6/25</u>		
Hourly Wage Rate: <u>\$23</u>			Record: <u>862</u>		
Date	Job Number	Start Time	End Time	Hours	Cost
6/18	3300	8:00	11:00		
6/18	2102	1:00	2:00		
6/18	3300	2:00	5:00		
6/19 etc					

Labour Time Record					
Employee : <u>John Fergusson</u>			Week: <u>6/18 – 6/25</u>		
Hourly Wage Rate: <u>\$22</u>			Record: <u>863</u>		
Date	Job Number	Start Time	End Time	Hours	Cost
6/18	2103	9:00	12:00		
6/18	1999	1:00	3:00		
6/18	3300	2:00	5:00		
6/19 etc					

Job Cost record	
Job Number: <u>3300</u>	
Customer: <u>Outdoor Spaces</u>	
Job Description: <u>6 Model 42R Cedar Tables</u>	
Date Started: <u>June 18</u>	Date Completed: <u>June 18</u>
	Cost Summary
Direct Materials Req.#:	
Direct Labour No.: No.:	
Manufacturing Overhead _____ Hours X \$3 per direct labour hour	
Total Job Cost	
Number of Units	
Cost per Unit	

Requirements:

1. Calculate the total for the Materials Requisition form. Post the information from the Materials Requisition form to the Job Cost Record.
2. Complete the labour time records for each of the employees and post the information Job 3300 to the Job Cost Record.
3. Complete the Job Cost Record.

**ESSAY. Write your answer in the space provided or on a separate sheet of paper.**

76) Briefly explain the cost flow of materials through a job costing system from the purchase to the sale.



**MATCHING. Choose the item in column 2 that best matches each item in column 1.**

Match the following:

- |   |                          |           |
|---|--------------------------|-----------|
| 77) A bill from a supplier  | A) Process costing       | 77) _____ |
| 78) A list of all of the raw materials needed to manufacture a job  | B) Materials requisition | 78) _____ |
| 79) System for assigning costs to a specific unit or to a small batch of products or services that pass through production steps as a distinct identifiable job           | C) Purchase order        | 79) _____ |
|   | D) Bill of materials     |           |
|   | E) Job cost record       |           |
| 80) A written or electronic document authorizing the purchase of specific raw materials from a specific supplier  | F) Receiving report      | 80) _____ |
|   | G) Invoice               |           |
| 81) System for assigning costs to large numbers of identical units that usually proceed in a continuous fashion through a series of uniform production steps or processes | H) Job costing           | 81) _____ |
| 82) A written or electronic document that requests specific materials be transferred from the raw materials inventory storeroom to the production floor                   |                          | 82) _____ |
| 83) A written or electronic document listing the quantity and type of raw materials received in an incoming shipment  |                          | 83) _____ |

Match the following:

- |                             |                           |           |
|-----------------------------|---------------------------|-----------|
| 84) Indirect materials used | A) Manufacturing overhead | 84) _____ |
| 85) Direct materials used   | B) Work in process        | 85) _____ |

- |                          |                           |           |
|--------------------------|---------------------------|-----------|
| 86) Indirect labour used | A) Work in process        | 86) _____ |
| 87) Direct labour used   | B) Manufacturing overhead | 87) _____ |
| 88) Plant utilities      |                           | 88) _____ |

**TRUE/FALSE. Write 'T' if the statement is true and 'F' if the statement is false.**

- |  |            |
|--|------------|
| 89) International Financial Reporting Standards (IFRS) mandate that manufacturing overhead must be treated as a product cost for financial reporting purposes.                           | 89) _____  |
| 90) Manufacturing overhead costs can be directly traced to jobs.   | 90) _____  |
| 91) The key to allocating indirect manufacturing costs to jobs is to identify an appropriate allocation base.  | 91) _____  |
| 92) Allocating manufacturing overhead to jobs simply means "splitting up" the total manufacturing overhead costs among the jobs produced during the year.                                | 92) _____  |
| 93) An equal amount of manufacturing overhead should be allocated to each job.   | 93) _____  |
| 94) Manufacturers follow four steps to implement a manufacturing overhead allocation system. The first step is to calculate a manufacturing overhead rate.                               | 94) _____  |
| 95) Manufacturers follow four steps to implement a manufacturing overhead allocation system. The last step is to calculate a manufacturing overhead rate.                                | 95) _____  |
| 96) Manufacturers follow four steps to implement a manufacturing overhead allocation system. The last step is to estimate the total amount of manufacturing overhead costs for the year. | 96) _____  |
| 97) The predetermined manufacturing overhead rate is calculated by dividing the total estimated manufacturing overhead costs by the total estimated amount of the allocation base.       | 97) _____  |
| 98) The predetermined manufacturing overhead rate is calculated by multiplying the total estimated manufacturing overhead costs by the total estimated amount of the allocation base.    | 98) _____  |
| 99) The cost of wages paid to assembly-line workers should be treated as a manufacturing overhead cost.  | 99) _____  |
| 100) The overhead allocation base should be the cost driver of manufacturing overhead costs.   | 100) _____ |
| 101) Manufacturing overhead costs can have more than one cost driver.  | 101) _____ |

102) Direct labour hours are often used as a cost driver for allocating manufacturing overhead even though direct labour does not cause most overhead costs to occur. 102) \_\_\_\_\_

**MULTIPLE CHOICE. Choose the one alternative that best completes the statement or answers the question.**

103) The primary factor causing a "cost" is called a 103) \_\_\_\_\_  
A) materials requisition.  
B) cost driver.  
C) cost allocation.  
D) predetermined manufacturing overhead rate.

104) An estimated manufacturing overhead rate computed before the year begins is based on 104) \_\_\_\_\_  
A) estimated amount of the overhead costs. B) cost driver.  
C) cost allocation. D) actual manufacturing overhead rate.

105) Assigning manufacturing overhead costs and other indirect costs is called 105) \_\_\_\_\_  
A) cost driver.  
B) materials requisition.  
C) predetermined manufacturing overhead rate.  
D) cost allocation.

106) Manufacturers follow four steps to implement a manufacturing overhead allocation system. The last step is to 106) \_\_\_\_\_  
A) allocate some manufacturing overhead to each individual job.  
B) estimate total manufacturing overhead costs for the coming year.  
C) select an allocation base and estimate the total amount that will be used during the year.  
D) calculate a predetermined manufacturing overhead rate.

107) Manufacturers follow four steps to implement a manufacturing overhead allocation system. The first step is to 107) \_\_\_\_\_  
A) allocate some manufacturing overhead to each individual job.  
B) estimate total manufacturing overhead costs for the coming year.  
C) calculate a predetermined manufacturing overhead rate.  
D) select an allocation base and estimate the total amount that will be used during the year.

108) Computing the predetermined manufacturing overhead rate is done 108) \_\_\_\_\_  
A) at any time. B) at the end of the period.  
C) before the period starts. D) during the period.

109) How do you calculate the predetermined manufacturing overhead rate used to allocate manufacturing overhead costs? 109) \_\_\_\_\_

- A) By dividing the total estimated amount of the allocation base by the total estimated manufacturing overhead costs
- B) By multiplying the total estimated manufacturing overhead costs by the total estimated amount of the allocation base
- C) By dividing the total estimated manufacturing overhead costs by the total actual amount of the allocation base
- D) By dividing the total estimated manufacturing overhead costs by the total estimated amount of the allocation base

110) A typical manufacturing overhead cost would be 110) \_\_\_\_\_

- A) sales revenue.
- B) direct labour.
- C) direct materials.
- D) depreciation on factory equipment.

111) Manufacturing overhead would include 111) \_\_\_\_\_

- A) indirect materials only.
- B) all manufacturing costs.
- C) indirect labour costs only.
- D) all manufacturing costs except direct materials and direct labour.

112) Here are selected data for Fritzel Company: 112) \_\_\_\_\_

Cost of goods manufactured	\$390,000
Work in process inventory, beginning	112,000
Work in process inventory, ending	92,000
Direct materials used	75,000

Manufacturing overhead is allocated at 60% of direct labour cost.  
What was the amount of direct labour costs?

- A) \$184,375
- B) \$209,375
- C) \$95,000
- D) \$295,000

*Use the information below to answer the following question(s).*

Smith Paints allocates overhead based on machine hours. Selected data for the most recent year follow.

Estimated manufacturing overhead cost	\$250,000
Actual manufacturing overhead cost	\$230,000
Estimated machine hours	20,000
Actual machine hours	21,000

The estimates were made as of the beginning of the year, while the actual results were for the entire year.

113) At Smith Paints the predetermined manufacturing overhead rate per machine hour is closest to 113) \_\_\_\_\_

- A) \$12.50.
- B) \$11.50.
- C) \$10.95.
- D) \$11.90.

- 114) At Smith Paints the amount of manufacturing overhead allocated for the year based on machine hours would have been 114) \_\_\_\_\_  
 A) \$250,000. B) \$262,500. C) \$230,000. D) \$240,000.

- 115) Here are selected data for Anthony Corporation: 115) \_\_\_\_\_

Cost of materials purchases on account	\$76,000
Cost of materials requisitioned (includes \$3,000 of indirect)	42,000
Direct labour costs incurred	82,000
Manufacturing overhead costs incurred, including indirect materials	97,500
Cost of goods manufactured	230,000
Cost of goods sold	151,000
Beginning raw materials inventory	14,500
Beginning work in process inventory	29,700
Beginning finished goods inventory	32,800
Predetermined manufacturing overhead rate (as % of direct labour cost)	120%

What is the balance in work in process inventory at the end of the year?

- A) \$18,200 B) \$19,100 C) \$55,200 D) \$23,800
- 116) Crockett Company had a beginning work in process inventory balance of \$33,200. During the year, \$57,000 of direct materials was placed into production. Direct labour was \$61,500, and indirect labour was \$19,500. Manufacturing overhead is allocated at 130% of direct labour costs. Actual manufacturing overhead was \$86,500, and jobs costing \$225,000 were completed during the year. What is the ending work in process inventory balance? 116) \_\_\_\_\_  
 A) \$6,650 B) \$79,950 C) \$13,200 D) \$171,800

*Use the information below to answer the following question(s).*

Before the year began, Johnson Manufacturing estimated that manufacturing overhead for the year would be \$160,000 and that 12,000 direct labour hours would be worked. Actual results for the year included the following:

Actual manufacturing overhead cost	\$175,000
Actual direct labour hours	15,000

- 117) At Johnson Manufacturing the predetermined manufacturing overhead rate per direct labour hour is closest to 117) \_\_\_\_\_  
 A) \$10.67. B) \$11.67. C) \$14.58. D) \$13.33.
- 118) At Johnson Manufacturing the amount of manufacturing overhead allocated for the year based on direct labour hours would have been 118) \_\_\_\_\_  
 A) \$160,000. B) \$200,000. C) \$167,500. D) \$175,000.

Use the information below to answer the following question(s).

Here are selected basic data for Garrett Company:

Estimated manufacturing overhead	\$240,000	Factory utilities	\$29,100
Estimated labour hours	35,000	Indirect labour	\$23,500
Actual direct labour hours	36,000	Sales commissions	\$53,700
Estimated direct labour cost	\$300,000	Factory rent	\$49,200
Actual direct labour cost	\$320,000	Factory property taxes	\$28,100
Factory depreciation	\$67,200	Indirect materials	\$33,000

- 119) If the Garrett Company allocates overhead based on direct labour cost, what are the total actual manufacturing overhead costs? 119) \_\_\_\_\_  
 A) \$260,300 B) \$283,800 C) \$230,100 D) \$173,600
- 120) If the Garrett Company allocates overhead based on direct labour cost, what is the predetermined manufacturing overhead rate? 120) \_\_\_\_\_  
 A) 80% of direct labour cost B) 75% of direct labour cost  
 C) 94% of direct labour cost D) 125% of direct labour cost
- 121) If the Garrett Company allocates manufacturing overhead based on direct labour cost, what are the allocated manufacturing overhead costs? 121) \_\_\_\_\_  
 A) \$400,000 B) \$230,100 C) \$240,000 D) \$256,000

Use the information below to answer the following question(s).

Here are selected data for Ansel Corporation:

Beginning raw materials inventory	\$37,000	Beginning work in process inventory	61,500
Beginning finished goods inventory	57,500	Cost of materials purchased	151,000
Cost of direct materials requisitioned	91,300	Direct labour incurred	127,000
Actual manufacturing overhead	160,000	Cost of goods manufactured	293,000
Cost of goods sold	257,000	Manufacturing overhead rate (% of direct labour)	120%

- 122) What is the ending work in process inventory balance at Ansel Corporation? 122) \_\_\_\_\_  
 A) \$139,200 B) \$206,500 C) \$146,800 D) \$198,900
- 123) What is the finished goods ending inventory at Ansel Corporation? 123) \_\_\_\_\_  
 A) \$293,000 B) \$78,500 C) \$93,500 D) \$492,500

Use the following data for next several questions:

Green Manufacturers has a direct labour rate of \$25.00 and allocates manufacturing overhead on the basis of direct labour hours. Here are other selected data for Green Manufacturers.

Beginning raw materials inventory	\$45,000	Beginning work in process inventory	\$32,000
Beginning finished goods inventory	\$53,000	Cost of materials purchased	\$ 145,000
Cost of direct materials used in production	\$ 91,300	Direct labour incurred	\$ 129,400
Ending work in process inventory	\$29,000	Cost of goods manufactured	\$288,400
Ending finished goods inventory	\$43,000	Actual Manufacturing Overhead Costs incurred	\$ 72,000

- 124) How much Manufacturing Overhead did Green Manufacturers apply  
 A) \$129,400      B) \$45,000      C) \$64,700      D) \$32,000      124) \_\_\_\_\_
- 125) What is Green Manufacturers overhead rate?  
 A) \$25.00 / DLH      B) \$0.50 / DLH      C) \$12.50 / DLH      D) \$8.50 / DLH      125) \_\_\_\_\_
- 126) What is Green Manufacturers ending Raw Materials Inventory?  
 A) \$145,000      B) \$153,000      C) \$98,700      D) \$91,300      126) \_\_\_\_\_
- 127) What is Green Manufacturers Cost of Goods Sold?  
 A) \$98,700      B) \$294,400      C) \$91,300      D) \$288,400      127) \_\_\_\_\_

Use the information below to answer the following question(s).

Job 2908 requires \$12,000 of direct materials, \$5,500 of direct labour, 500 direct labour hours, and 250 machine hours. It also requires 100 hours of inspection at \$40 per hour. Manufacturing overhead is computed at \$25 per direct labour hour used and \$45 per machine hour used.

- 128) The total dollars of conversion costs for Job 2908 are  
 A) \$41,250.      B) \$23,750.      C) \$12,500.      D) \$29,250.      128) \_\_\_\_\_
- 129) The total amount of overhead allocated to Job 2908 is  
 A) \$30,000.      B) \$41,250.      C) \$12,500.      D) \$23,750.      129) \_\_\_\_\_

Use the information below to answer the following question(s).

Low-Tech is a small software firm that builds and maintains software applications for its clients. Clients may purchase programming or consultant services. The company has the following estimates for the upcoming year:

Programming Hours	8,000
Consultant Hours	5,000
Programmer Salary Costs	\$240,000
Consultant Salary Costs	\$800,000
Administration Staff Salaries	\$36,000
Rent office space	\$24,000
Advertising expense	\$15,000

- 130) What overhead costs need to be allocated? 130) \_\_\_\_\_  
 A) \$ 315,000 B) \$1,115,000 C) \$ 875,000 D) \$ 75,000
- 131) Calculate the predetermined overhead rate if Low-Tech allocates overhead based on programming hours? 131) \_\_\_\_\_  
 A) \$ 3.015 / hour B) \$ 15.00 / hour C) \$ 4.250 / hour D) \$ 9.375 / hour
- 132) Calculate the predetermined overhead rate if Low-Tech allocates overhead based on programmer salary costs? 132) \_\_\_\_\_  
 A) 25.00% B) 30.00% C) 31.25% D) 131.25%
- 133) Calculate the predetermined overhead rate if Low-Tech allocates overhead based on consultant hours? 133) \_\_\_\_\_  
 A) \$ 15.00 / hour B) \$ 80.00 / hour C) \$ 10.67 / hour D) \$ 160.00 / hour
- 134) Job 371 required 10 hours of consultant time and 40 hours of programming time. Low-Tech allocates overhead based on programming hours. What is the total cost of job 371? 134) \_\_\_\_\_  
 A) \$1,200.00 B) \$1,600.00 C) \$2,800.00 D) \$3,175.00



Use the information below to answer the following question(s).

Howard & Sons allocates manufacturing overhead to jobs based on machine hours. The company has the following estimate for the upcoming year:

Direct materials used	\$50,000
Direct labour costs	\$70,000
Wages of factory janitors	\$35,000
Sales supervisor salary	\$51,000
Utilities for factory	\$17,000
Rent on factory building	\$12,000
Advertising expense	\$5,000

The company estimates that 1,600 direct labour hours will be worked in the upcoming year, while 1,000 machine hours will be during the year.

- 135) At Howard & Sons the predetermined manufacturing overhead rate per machine hour will be 135) \_\_\_\_\_  
 A) \$240. B) \$29. C) \$64. D) \$120.
- 136) At Howard & Sons the predetermined manufacturing overhead rate per direct labour hour will be 136) \_\_\_\_\_  
 A) \$40. B) \$150. C) \$50. D) \$75.
- 137) Job 1574 requires \$10,000 of direct materials, \$4,000 of direct labour, 400 direct labour hours, and 2 machine hours. It also requires 7 hours of inspection at \$35 per hour. Manufacturing overhead is computed at \$20 per direct labour hour used and \$40 per machine hour used. 137) \_\_\_\_\_

The total amount charged to inspection

- A) does not figure into the total cost of the job.  
 B) is \$245 + the overhead dollars applied.  
 C) is \$35 × budgeted hours.  
 D) is \$35.

Use the information below to answer the following question(s).

Chilson Company manufactures custom engines for use in the lawn and garden equipment industry. The company allocates manufacturing overhead based on machine hours. Selected data for costs incurred for Job 612 are as follows:

Direct materials used	\$3,500
Direct labour hours worked	300
Machine hours used	400
Direct labour rate per hour	\$16
Predetermined overhead rate based on machine hours	\$18

- 138) What was the amount allocated for manufacturing overhead on Job 612? 138) \_\_\_\_\_  
 A) \$3,500 B) \$5,400 C) \$7,200 D) \$4,800

Use the information below to answer the following question(s).

Clyde Company gathered the following information for the year ended December 31:

Direct labour cost incurred for the year	\$180,000
Estimated manufacturing overhead costs	\$240,000
Estimated direct labour cost	\$200,000
Work in process inventory, Dec. 31	\$55,000
Finished goods inventory, Dec. 31	\$67,500
Cost of goods sold	\$141,000
Estimated direct labour hours	300,000

- 139) At Clyde Company what would the predetermined manufacturing overhead rate for the year be using direct labour cost as the allocation base? 139) \_\_\_\_\_
- A) 80% of direct labour cost                      B) 111% of direct labour cost  
C) 120% of direct labour cost                      D) 90% of direct labour cost
- 140) At Clyde Company what would the predetermined manufacturing overhead rate for the year be using direct labour hours as the allocation base? 140) \_\_\_\_\_
- A) \$1.11 per direct labour hour                      B) \$.90 per direct labour hour  
C) \$.80 per direct labour hour                      D) \$1.20 per direct labour hour

Use the information below to answer the following question(s).

Zarvo Moldings allocates manufacturing overhead to jobs based on machine hours. The company has the following estimates for the upcoming year:

Direct materials used	\$25,000
Direct labour costs	\$62,000
Salary of factory supervisor	\$41,000
Advertising expense	\$33,000
Heating and lighting costs for factory	\$21,000
Depreciation on factory equipment	\$9,000
Sales commissions	\$8,000

The company estimates that 1,800 direct labour hours will be worked in the upcoming year, while 2,000 machine hours will be used during the year.

- 141) At Zarvo Moldings the predetermined manufacturing overhead rate per machine hour is closest to 141) \_\_\_\_\_
- A) \$56.                      B) \$100.                      C) \$15.                      D) \$36.
- 142) At Zarvo Moldings the predetermined manufacturing overhead rate per direct labour hour is closest to 142) \_\_\_\_\_
- A) \$35.                      B) \$62.                      C) \$39.                      D) \$111.

Use the information below to answer the following question(s).

To follow is selected financial data from Harmon Manufacturing for the most recent year.

Ending raw materials inventory	\$19,000
Ending work in process inventory	\$42,000
Ending finished goods inventory	\$54,100
Amount of underallocated manufacturing overhead	\$3,100
Cost of goods sold for year	\$81,000
Cost of raw materials purchased during year	\$45,300
Cost of direct materials requisitioned during year	\$41,700
Cost of indirect materials requisitioned during year	\$7,100
Cost of goods completed during year	\$110,000
Manufacturing overhead allocated	\$60,000
Manufacturing overhead % of direct labour cost	125%

- 143) What is the beginning raw materials inventory at Harmon Manufacturing? 143) \_\_\_\_\_  
 A) \$67,800 B) \$3,500 C) \$15,400 D) \$22,500
- 144) What is the beginning work in process inventory at Harmon Manufacturing? 144) \_\_\_\_\_  
 A) \$53,400 B) \$2,300 C) \$50,300 D) \$17,000
- 145) What is the beginning finished goods inventory at Harmon Manufacturing? 145) \_\_\_\_\_  
 A) \$75,100 B) \$25,100 C) \$135,100 D) \$6,100
- 146) What is the actual manufacturing overhead at Harmon Manufacturing? 146) \_\_\_\_\_  
 A) \$3,100 B) \$56,900 C) \$60,000 D) \$63,100

Use the information below to answer the following question(s).

Sable Company is debating the use of direct labour cost or direct labour hours as the cost allocation base for allocating manufacturing overhead. The following information is available for the most recent year:

Estimated direct labour cost	\$500,000
Actual direct labour cost	\$450,000
Estimated manufacturing overhead costs	\$400,000
Actual manufacturing overhead costs	\$350,000
Estimated direct labour hours	250,000
Actual direct labour hours	245,000

- 147) If Sable Company uses direct labour cost as the allocation base, what would the predetermined manufacturing overhead rate be? 147) \_\_\_\_\_  
 A) 78% B) 70% C) 89% D) 80%

- 148) If Sable Company uses direct labour hours as the allocation base, what would the predetermined manufacturing overhead rate be? 148) \_\_\_\_\_  
 A) \$1.60 per direct labour hour B) \$1.63 per direct labour hour  
 C) \$1.43 per direct labour hour D) \$1.40 per direct labour hour
- 149) If Sable Company uses direct labour cost as the allocation base, what would the allocated manufacturing overhead be for the year? 149) \_\_\_\_\_  
 A) \$360,000 B) \$642,857 C) \$400,000 D) \$315,000
- 150) If Sable Company uses direct labour hours as the allocation base, what would the allocated manufacturing overhead be for the year? 150) \_\_\_\_\_  
 A) \$400,000 B) \$343,000 C) \$392,000 D) \$350,000

Use the information below to answer the following question(s).

Cabaret Corporation had actual manufacturing overhead costs for the most recent year of \$27,500. Manufacturing overhead is allocated using a predetermined manufacturing overhead rate of \$1.75 per direct labour hour. Direct labour cost is \$18 per hour. At the end of the year, Cabaret Corporation found it had overallocated manufacturing overhead by \$1,000.

- 151) How much manufacturing overhead was allocated in total during the year at Cabaret Corporation? 151) \_\_\_\_\_  
 A) \$1,000 B) \$26,500 C) \$28,500 D) \$27,500
- 152) How many direct labour hours were worked in total during the year at Cabaret Corporation? 152) \_\_\_\_\_  
 A) 571 B) 15,714 C) 16,286 D) 15,143

Use the information below to answer the following question(s).

Jim's Computer Products manufactures keyboards for computers. In June, the two production departments had budgeted allocation bases of 10,000 machine hours in Department 1 and 5,000 direct manufacturing labour hours in Department 2. The budgeted manufacturing overheads for the month were \$34,500 and \$37,500, respectively. For Job 501, the actual costs incurred in the two departments were as follows:

	Department 1	Department 2
Direct materials purchased on account	\$66,000	\$106,500
Direct materials used	19,500	8,100
Direct manufacturing labour	31,500	32,100
Indirect manufacturing labour	6,600	5,400
Indirect materials used	4,500	2,850
Lease on equipment	9,750	2,250
Utilities	600	750

Job 501 incurred 1,000 machine hours in Department 1 and 300 manufacturing labour hours in Department 2. The company used budgeted departmental overhead rates for applying overhead to production.

- 153) What is the predetermined overhead rate for Department 1? 153) \_\_\_\_\_  
 A) \$3.75 per hour B) \$6.90 per hour C) \$7.50 per hour D) \$3.45 per hour

- 154) What is the predetermined overhead rate for Department 2? 154) \_\_\_\_\_  
 A) \$3.75 B) \$3.45 C) \$4.60 D) \$7.50
- 155) What is the total cost assigned to Job 501? 155) \_\_\_\_\_  
 A) \$91,200 B) \$27,600 C) \$96,900 D) \$123,900

Use the information below to answer the following question(s).

A Hospital uses a job cost system for all surgery patients. In February, the pre-operating room (PRE-OP) and operating room (OR) had budgeted allocation bases of 1,000 nursing hours and 500 nursing hours, respectively, and budgeted nursing overhead charges were \$28,000 and \$22,000, respectively. The hospital ward rooms for surgery patients had budgeted overhead costs of \$200,000 and 2,500 nursing hours for the month. PRE-OP, OR and the hospital ward have separate indirect cost pools. The hospital uses a budgeted overhead rate for applying overhead to patient stays.

For patient Jones, actual hours incurred were six and eight hours, respectively, in the PRE-OP and OR rooms. He was in the ward for 5 days (120 hours). Other costs related to Jones were:

	PRE-OP Costs	OR Costs	Ward In-room Costs
Patient medicine	\$200	\$500	\$2,400
Direct nursing time	1,200	1,750	2,700

- 156) What is the budgeted overhead rate for the hospital floor for surgery? 156) \_\_\_\_\_  
 A) \$47.75 B) \$80.00 C) \$28.00 D) \$44.00
- 157) What was the total OR cost for patient Jones? 157) \_\_\_\_\_  
 A) \$2,514 B) \$2,602 C) \$2,250 D) \$2,474
- 158) What was the total PRE-OP cost for patient Jones? 158) \_\_\_\_\_  
 A) \$1,624 B) \$1,752 C) \$1,664 D) \$1,568

Use the information below to answer the following question(s).

Capable Carts manufactures custom carts for a variety of uses. The following data have been recorded for Job 892, which was recently completed. Direct materials used cost \$6,300, the budgeted direct materials were \$5,900. There were 180 direct labour hours worked on this job at a direct labour wage rate of \$20 per hour; the budgeted direct labour wage rate was \$21 per hour. There were 75 machine hours used on this job. The budgeted and actual indirect cost allocation rates are \$32 and \$29 per machine hour used, respectively.

- 159) What is the total manufacturing cost of Job 892 using a predetermined MOH rate? 159) \_\_\_\_\_  
 A) \$12,300 B) \$12,255 C) \$12,080 D) \$9,900
- 160) What is the total manufacturing cost of Job 892 using an actual overhead rate? 160) \_\_\_\_\_  
 A) \$12,075 B) \$12,255 C) \$12,080 D) \$9,900

Use the information below to answer the following question(s).

World Engines Ltd. manufactures custom engines for use in the lawn and garden equipment industry. The company allocates manufacturing overhead based on machine hours. Selected data for costs incurred for Job 787 are as follows:

Direct materials used	\$3,500
Direct labour hours worked	300
Machine hours used	400
Direct labour rate per hour	\$16
Predetermined overhead rate based on machine hours	\$18
Budgeted direct labour rate per hour	\$20
Budgeted direct labour hours	310
Budgeted machine hours	370
Overhead rate based on actual indirect costs and actual machine hours	\$15
Direct materials budgeted	\$3,900

161) What is the total manufacturing cost of Job 787 using a predetermined MOH rate? 161) \_\_\_\_\_  
 A) \$14,300 B) \$17,100 C) \$15,500 D) \$12,800

162) What is the total manufacturing cost of Job 787 using an actual overhead rate? 162) \_\_\_\_\_  
 A) \$17,100 B) \$14,300 C) \$15,500 D) \$12,800

**SHORT ANSWER. Write the word or phrase that best completes each statement or answers the question.**

163) Safety First Corporation uses job costing. To follow is selected financial data from the company for the most recent year. 163) \_\_\_\_\_

Ending raw materials inventory	\$16,000
Ending work in process inventory	\$47,300
Ending finished goods inventory	\$52,000
Amount of underallocated manufacturing overhead	\$3,200
Cost of goods sold for year	\$75,100
Cost of raw materials purchased during year	\$42,000
Cost of direct materials requisitioned during year	\$38,500
Cost of indirect materials requisitioned during year	\$5,700
Cost of goods completed during year	\$107,000
Manufacturing overhead allocated	\$60,000
MOH % of direct labour cost	120%

Compute:

- A) Beginning raw materials inventory
- B) Beginning work in process inventory
- C) Beginning finished goods inventory
- D) Actual manufacturing overhead costs incurred during the year

Use the information below to answer the following questions:

North-West Manufacturing uses a predetermined manufacturing overhead rate to allocate overhead to individual jobs. The following is select data for last year:

	Estimated	Actual
Direct Labour Hours	32,000	34,000
Machine Hours	18,000	17,500
Direct Labour Cost	\$832,000	\$ 840,000
Direct Materials Used	\$286,000	\$292,000
Depreciation on manufacturing plant	\$16,000	\$16,000
Depreciation on manufacturing equipment	\$17,500	\$18,000
Depreciation on office equipment	\$9,500	\$9,750
Property taxes on manufacturing plant	\$9,300	\$ 9,500
Property taxes on office building	\$7,500	\$8,000
Plant Janitors wages	\$32,000	\$35,000

- 164) Calculate North-West's pre-determined overhead rate assuming Direct Labour Hours is the allocation base. 164) \_\_\_\_\_
- 165) Calculate North-West's pre-determined overhead rate assuming Machine Hours is the allocation base. 165) \_\_\_\_\_
- 166) Job 452 used 42 Direct Labour Hours and 37.5 Machine Hours. How much overhead was allocated to job 452 assuming machine hours was used as the allocation base? 166) \_\_\_\_\_
- 167) How much overhead was allocated in total assuming direct labour hours was used as the allocation base? 167) \_\_\_\_\_
- 168) Wisteria Company is debating the use of direct labour cost or direct labour hours as the allocation base for allocating manufacturing overhead. The following information is available for the most recent year: 168) \_\_\_\_\_

Estimated direct labour cost	\$440,000
Actual direct labour cost	\$450,000
Estimated manufacturing overhead costs	\$350,000
Actual manufacturing overhead costs	\$353,000
Estimated direct labour hours	250,000
Actual direct labour hours	245,000

Determine the following:

- A) Predetermined manufacturing overhead rate using direct labour cost as the allocation base
- B) Predetermined manufacturing overhead rate using direct labour hours as the allocation base
- C) Allocated manufacturing overhead costs based on direct labour cost for the year
- D) Allocated manufacturing overhead costs based on direct labour hours for the year

- 169) Lawrence Corporation had actual manufacturing overhead costs of \$29,500 for the past year. Direct labour cost is \$17.50 per hour. Manufacturing overhead is allocated at a rate of \$2.50 per direct labour hour. Manufacturing overhead was overallocated for the year by \$1,500. 169) \_\_\_\_\_

Calculate:

- A) Allocated manufacturing overhead costs for year
- B) Actual number of direct labour hours worked in year

- 170) Calculate the unknowns for the following independent situations. 170) \_\_\_\_\_
- 1) Selected data for Liberty Company:

Actual manufacturing overhead costs	\$30,500
Underallocated manufacturing overhead costs	\$2,000

Allocated manufacturing overhead is based on 60% of direct labour cost.

- A) Calculate the allocated manufacturing overhead cost.
- B) Calculate the direct labour cost.

2) Selected data for Stars Corporation:

Actual manufacturing overhead costs	\$27,500
Overallocated manufacturing overhead costs	\$1,500

Manufacturing overhead is allocated at \$20 per machine hour.

- A) Calculate the allocated manufacturing overhead cost.
- B) Calculate the number of machine hours incurred.

- 171) Boyle Manufacturing has two departments that produce small appliances. The Drilling Department allocates manufacturing overhead using machine hours as the allocation base while the Cutting Department allocates manufacturing overhead using direct labour cost as the allocation base. Data for April are shown below: 171) \_\_\_\_\_

	Drilling Dept.	Cutting Dept.
Estimated annual manufacturing overhead costs	\$120,000	\$330,000
Estimated annual direct labour cost	\$60,000	\$600,000
Estimated annual machine hours	40,000	6,000
Actual manufacturing overhead costs for April	\$8,000	\$15,000
Actual direct labour cost for April	\$3,500	\$31,000
Actual machine hours for April	2,100	500

- A) Determine the predetermined manufacturing overhead rate for the Drilling Department.
- B) Determine the predetermined manufacturing overhead rate for the Cutting Department.
- C) Determine the balances of the manufacturing overhead accounts for each department at April 30. Indicate whether the amounts represent overallocated or underallocated manufacturing overhead.



- 172) Dymo Manufacturing has two departments that produce small appliances. The Assembly Department allocates manufacturing overhead using machine hours as the allocation base while the Painting Department allocates manufacturing overhead using direct labour cost as the allocation base. Data for March are shown below: 172) \_\_\_\_\_

	Assembly Dept.	Painting Dept.
Estimated annual manufacturing overhead costs	\$60,000	\$165,000
Estimated annual direct labour cost	\$30,000	\$300,000
Estimated annual machine hours	20,000	3,000
Actual manufacturing overhead costs for March	\$3,000	\$7,000
Actual direct labour cost for March	\$1,750	\$15,000
Actual machine hours for March	1,050	

- A) Determine the predetermined manufacturing overhead rate for the Assembly Department.  
 B) Determine the predetermined manufacturing overhead rate for the Painting Department.  
 C) Determine the balances of the manufacturing overhead accounts for each department on March 31. Indicate whether the amounts represent over allocated or under allocated manufacturing overhead.

- 173) Hurt Manufacturing has two departments that produce a line of tables. The Machining Department allocates manufacturing overhead using machine hours as the allocation base while the Finishing Department allocates manufacturing overhead using direct labour cost as the allocation base. Data for May are shown below: 173) \_\_\_\_\_

	Machining Dept.	Finishing Dept.
Estimated annual manufacturing overhead costs	\$90,000	\$22,000
Estimated annual direct labour cost	\$45,000	\$45,000
Estimated annual machine hours	30,000	
Actual manufacturing overhead costs for May	\$4,000	\$1,000
Actual direct labour cost for May	\$2,000	\$2,000
Actual machine hours for May	1,500	

- A) Determine the predetermined manufacturing overhead rate for the Machining Department.  
 B) Determine the predetermined manufacturing overhead rate for the Finishing Department.  
 C) Determine the balances of the manufacturing overhead accounts for each department on May 31. Indicate whether the amounts represent over allocated or under allocated manufacturing overhead.

- 174) Hurt Manufacturing has two departments that produce a line of tables. The Machining Department allocates manufacturing overhead using machine hours as the allocation base while the Finishing Department allocates manufacturing overhead using direct labour cost as the allocation base. Data for June are shown below:

174) \_\_\_\_\_

	Machining Dept	Finishing Dept
Estimated annual manufacturing overhead costs	\$180,000	\$90,000
Estimated annual direct labour cost	\$90,000	\$45,000
Estimated annual machine hours	45,000	1,000
Actual manufacturing overhead costs for June	\$8,000	\$8,000
Actual direct labour cost for June	\$4,000	\$4,000
Actual machine hours for June	3,000	

- A) Determine the predetermined manufacturing overhead rate for the Machining Department.  
 B) Determine the predetermined manufacturing overhead rate for the Finishing Department.  
 C) Determine the balances of the manufacturing overhead accounts for each department at June 31. Indicate whether the amounts represent over allocated or under allocated manufacturing overhead.

- 175) Stokes Manufacturing uses a predetermined manufacturing overhead rate to allocate overhead to individual jobs based on the machine hours required. At the beginning of the year, the company expected to incur the following:

175) \_\_\_\_\_

Manufacturing overhead costs	\$280,000
Direct labour cost	850,000
Machine hours	40,000

At the end of the year, the company had actually incurred the following:

Direct labour cost	\$615,000
Depreciation on manufacturing plant and equipment	245,000
Property taxes on plant	9,250
Sales salaries	12,000
Delivery drivers wages	8,000
Plant janitors wages	5,500
Machine hours	28,500 hours

Required:

1. Compute Stokes' predetermined overhead rate.
2. How much manufacturing overhead was allocated to jobs during the year?
3. How much manufacturing overhead was incurred during the year?
4. Is manufacturing overhead over allocated or under allocated at the end of the year and by how much?

- 176) Revell Manufacturing uses a predetermined manufacturing overhead rate to allocate overhead to individual jobs based on the machine hours required. At the beginning of the year, the company expected to incur the following: 176) \_\_\_\_\_

Manufacturing overhead costs	\$460,000
Direct labour cost	1,200,000
Machine hours	57,500

At the end of the year, the company had actually incurred the following:

Direct labour cost	\$1,300,000
Depreciation on manufacturing plant and equipment	375,000
Property taxes on plant	12,500
Sales salaries	18,500
Delivery drivers wages	10,500
Plant janitors wages	8,500
Machine hours	57,000 hours

Required:

1. Compute Revell's predetermined overhead rate.
2. How much manufacturing overhead was allocated to jobs during the year?
3. How much manufacturing overhead was incurred during the year?
4. Is manufacturing overhead over allocated or under allocated at the end of the year and if so, how much?

- 177) Ninder Manufacturing uses a predetermined manufacturing overhead rate to allocate overhead to individual jobs based on the machine hours required. At the beginning of the year, the company expected to incur the following: 177) \_\_\_\_\_

Manufacturing overhead costs	\$450,000
Direct labour cost	1,250,000
Machine hours	75,000

At the end of the year, the company had actually incurred the following:

Direct labour cost	\$1,300,000
Depreciation on manufacturing plant and equipment	425,000
Property taxes on plant	15,000
Sales salaries	18,500
Delivery drivers wages	10,500
Plant janitors wages	8,500
Machine hours	74,500 hours

Required:

1. Compute Ninder's predetermined overhead rate.
2. How much manufacturing overhead was allocated to jobs during the year?
3. How much manufacturing overhead was incurred during the year?
4. Is manufacturing overhead over allocated or under allocated at the end of the year and if so, how much?

- 178) Rogue Manufacturing uses a predetermined manufacturing overhead rate to allocate overhead to individual jobs based on the machine hours required. At the beginning of the year, the company expected to incur the following:

Manufacturing overhead costs	\$720,000
Direct labour cost	1,400,000
Machine hours	80,000

At the end of the year, the company had actually incurred the following:

Direct labour cost	\$1,300,000
Depreciation on manufacturing plant and equipment	640,000
Property taxes on plant	85,000
Sales salaries	18,500
Delivery drivers wages	10,500
Plant janitors wages	8,500
Machine hours	78,000 hours

Required:

1. Compute Rogue's predetermined overhead rate.
2. How much manufacturing overhead was allocated to jobs during the year?
3. How much manufacturing overhead was incurred during the year?
4. Is manufacturing overhead over allocated or under allocated at the end of the year and if so, how much?

- 179) Sticklers Manufacturing uses a predetermined manufacturing overhead rate to allocate overhead to individual jobs based on the direct labour cost required. At the beginning of the year, the company expected to incur the following:

Manufacturing overhead costs	\$510,000
Direct labour cost	850,000
Machine hours	40,000

At the end of the year, the company had actually incurred the following:

Direct labour cost	\$615,000
Depreciation on manufacturing plant and equipment	245,000
Property taxes on plant	9,250
Sales salaries	12,000
Delivery drivers wages	8,000
Plant janitors wages	5,500
Machine hours	28,500 hours

Required:

1. Compute Sticklers' predetermined overhead rate.
2. How much manufacturing overhead was allocated to jobs during the year?
3. How much manufacturing overhead was incurred during the year?
4. Is manufacturing overhead over allocated or under allocated at the end of the year and if so, how much?

- 180) Trident Manufacturing uses a predetermined manufacturing overhead rate to allocate overhead to individual jobs based on the direct labour cost required. At the beginning of the year, the company expected to incur the following:

Manufacturing overhead costs	\$340,000
Direct labour cost	850,000
Machine hours	40,000

At the end of the year, the company had actually incurred the following:

Direct labour cost	\$870,000
Depreciation on manufacturing plant and equipment	290,000
Property taxes on plant	45,000
Sales salaries	12,000
Delivery drivers wages	8,000
Plant janitors wages	10,000
Machine hours	8,500 hours

Required:

1. Compute Trident's predetermined overhead rate.
2. How much manufacturing overhead was allocated to jobs during the year?
3. How much manufacturing overhead was incurred during the year?
4. Is manufacturing overhead over allocated or under allocated at the end of the year and if how much?

- 181) Marvell Manufacturing uses a predetermined manufacturing overhead rate to allocate overhead to individual jobs based on the direct labour cost required. At the beginning of the year, the company expected to incur the following:

Manufacturing overhead costs	\$1,200,000
Direct labour cost	600,000
Machine hours	40,000

At the end of the year, the company had actually incurred the following:

Direct labour cost	\$650,000
Depreciation on manufacturing plant and equipment	680,000
Property taxes on plant	250,000
Sales salaries	12,000
Delivery drivers wages	8,000
Plant janitors wages	100,000
Machine hours	28,500 hours

Required:

1. Compute Marvell's predetermined overhead rate.
2. How much manufacturing overhead was allocated to jobs during the year?
3. How much manufacturing overhead was incurred during the year?
4. Is manufacturing overhead over allocated or under allocated at the end of the year and if how much?

- 182) Newcomb Manufacturing uses a predetermined manufacturing overhead rate to allocate overhead to individual jobs based on the direct labour cost required. At the beginning of the year, the company expected to incur the following:

Manufacturing overhead costs	\$900,000
Direct labour cost	600,000
Machine hours	40,000

At the end of the year, the company had actually incurred the following:

Direct labour cost	\$650,000
Depreciation on manufacturing plant and equipment	650,000
Property taxes on plant ...	200,000
Sales salaries	12,000
Delivery drivers wages	8,000
Plant janitors wages	25,000
Machine hours	28,500 hours

Required:

1. Compute Newcomb's predetermined overhead rate.
2. How much manufacturing overhead was allocated to jobs during the year?
3. How much manufacturing overhead was incurred during the year?
4. Is manufacturing overhead over allocated or under allocated at the end of the year and if so, how much?

- 183) Sambell Manufacturing uses a predetermined manufacturing overhead rate to allocate overhead to individual jobs. At the beginning of the year, the company expected to incur the following:

Manufacturing overhead costs	\$240,000
Direct labour cost	600,000
Machine hours	25,000

At the end of the year, the company had actually incurred the following:

Direct labour cost	\$920,000
Depreciation on manufacturing plant and equipment	250,000
Property taxes on plant	35,000
Sales salaries	12,000
Delivery drivers wages	8,000
Plant janitors wages	10,000
Machine hours	25,500 hours

Required:

1. Compute Sambell's indirect cost allocation rate based on labour cost.
2. Compute Sambell's indirect cost allocation rate based on machine hours.
3. How much overhead was allocated during the year if the allocation base was direct labour cost?
4. How much manufacturing overhead was incurred during the year?

- 184) Northern Manufacturing uses a predetermined manufacturing overhead rate to allocate overhead to individual jobs. At the beginning of the year, the company expected to incur the following:

Manufacturing overhead costs	\$320,000
Direct labour cost	640,000
Machine hours	20,000

At the end of the year, the company had actually incurred the following:

Direct labour cost	\$920,000
Depreciation on manufacturing plant and equipment	290,000
Property taxes on plant	55,000
Sales salaries	12,000
Delivery drivers wages	8,000
Plant janitors wages	40,000
Machine hours	20,500 hours

Required:

1. Compute Northern's indirect cost allocation rate based on labour cost.
2. Compute Northern's indirect cost allocation rate based on machine hours.
3. How much overhead was allocated during the year if the allocation base was machine hours?
4. How much manufacturing overhead was incurred during the year?

- 185) A local attorney employs ten full-time professionals. The budgeted compensation per employee is \$75,000. The maximum billable hours for each client are 200. Clients always receive their full amount of time. All professional labour costs are included in a single direct cost category and are traced to jobs on a per-hour basis. Any other costs are included in a single indirect cost pool, allocated according to professional labour-hours. Budgeted indirect costs for the year are \$1,000,000 and the firm had 20 clients.

Required:

- a. What is the direct labour budgeted cost rate per hour?
- b. What is the indirect cost pool budgeted cost rate per hour?

**ESSAY. Write your answer in the space provided or on a separate sheet of paper.**

- 186) In a job-costing system, explain why it is necessary to apply indirect costs to production through the use of a budgeted indirect-cost rate.
- 187) In terms of direct and indirect costs, what is the difference between an actual cost system and a system that uses a predetermined manufacturing overhead rate?

**TRUE/FALSE. Write 'T' if the statement is true and 'F' if the statement is false.**

- 188) Overallocated overhead costs occur when the overhead costs allocated to work in process inventory are less than the amount actually incurred.

- 189) If manufacturing overhead has been underallocated during the year, it means the jobs have been overcosted. 189) \_\_\_\_\_
- 190) If manufacturing overhead has been overallocated during the year, it means the jobs have been overcosted. 190) \_\_\_\_\_
- 191) If the actual amount of the manufacturing overhead allocation base is greater than the estimated amount of the allocation base used to calculate the predetermined rate, then manufacturing overhead must have been underallocated. 191) \_\_\_\_\_
- 192) The underallocation or overallocation of overhead is a direct result of using a predetermined manufacturing overhead rate rather than the actual manufacturing overhead rate. 192) \_\_\_\_\_
- 193) The amount of overallocation or underallocation is found by taking the difference between the amount of overhead allocated during the year and the amount of overhead estimated for the year. 193) \_\_\_\_\_
- 194) The amount of overallocation or underallocation is found by taking the difference between the amount of overhead allocated during the year and the amount of overhead incurred during the year. 194) \_\_\_\_\_
- 195) The amount of overallocation or underallocation is typically corrected by adjusting the Work in Process Inventory account. 195) \_\_\_\_\_
- 196) An overallocation of manufacturing overhead is typically corrected by increasing Cost of Goods Sold on the income statement. 196) \_\_\_\_\_
- 197) An underallocation of manufacturing overhead is typically corrected by increasing Cost of Goods Sold on the income statement. 197) \_\_\_\_\_
- 198) Nonmanufacturing costs can be assigned to inventoriable job costs for decision making but not for external financial reporting. 198) \_\_\_\_\_
- 199) When the amount of over or under allocation is immaterial, and most jobs have been sold, manufacturers typically adjust Cost of Goods Sold. 199) \_\_\_\_\_
- 200) When the amount of over or under allocation is material, and most jobs have not been sold, manufacturers typically adjust Cost of Goods Sold. 200) \_\_\_\_\_
- 201) When the amount of over or under allocation is material, adjustments may need to made to Work In Process Inventory, Finished Goods Inventory, and Cost of Goods Sold. 201) \_\_\_\_\_



**MULTIPLE CHOICE. Choose the one alternative that best completes the statement or answers the question.**

- 202) Underallocated manufacturing overhead results when 202) \_\_\_\_\_  
A) estimated overhead is greater than actual overhead.  
B) actual overhead is greater than expected.  
C) actual overhead is greater than allocated overhead.  
D) production is greater than last year.
- 203) Overallocated manufacturing overhead results when 203) \_\_\_\_\_  
A) estimated overhead is less than actual overhead.  
B) actual overhead is less than expected.  
C) production is less than last year.  
D) actual overhead is less than allocated overhead.
- 204) Adjusting of cost of goods sold for the underallocation or overallocation of manufacturing overhead is generally done 204) \_\_\_\_\_  
A) at the end of the period. B) at no time.  
C) before the period starts. D) during the period.
- 205) Determining how much manufacturing overhead is overallocated or underallocated is done 205) \_\_\_\_\_  
A) during the period. B) at the end of the period.  
C) before the period starts. D) at any time.
- 206) If manufacturing overhead has been overallocated during the period, then 206) \_\_\_\_\_  
A) the jobs produced during the period have been costed correctly.  
B) the jobs overcosted were greater in amount than those undercosted.  
C) all the jobs produced during the period have been overcosted.  
D) the jobs produced during the period have been undercosted.
- 207) If manufacturing overhead has been underallocated during the period, then 207) \_\_\_\_\_  
A) the jobs undercosted were greater in amount than those overcosted.  
B) the jobs produced during the period have been costed correctly.  
C) all the jobs produced during the period have been overcosted.  
D) the jobs produced during the period have been undercosted.
- 208) If manufacturing overhead has been overallocated during the period, and most of the jobs produced have been sold, then 208) \_\_\_\_\_  
A) work in process inventory should be decreased.  
B) cost of goods sold should be increased.  
C) cost of goods sold should be decreased.  
D) finished goods inventory should be increased.

- 209) If manufacturing overhead has been underallocated during the period, and most of the jobs produced have been sold, then 209) \_\_\_\_\_
- A) cost of goods sold should be decreased.
  - B) cost of goods sold should be increased.
  - C) work in process inventory should be decreased.
  - D) finished goods inventory should be increased.
- 210) Manufacturing overhead is underallocated if the amount 210) \_\_\_\_\_
- A) estimated for the period is less than the actual amount incurred.
  - B) estimated for the period is greater than the actual amount incurred.
  - C) allocated during the period is less than the actual amount incurred.
  - D) allocated during the period is greater than the actual amount incurred.
- 211) Manufacturing overhead is overallocated if the amount 211) \_\_\_\_\_
- A) amount estimated for the period is less than the actual amount incurred.
  - B) allocated during the period is greater than the actual amount incurred.
  - C) allocated during the period is less than the actual amount incurred.
  - D) estimated for the period is greater than the actual amount incurred.
- 212) Under what circumstance should the amount of overallocation or underallocation be reflected as an adjustment to cost of goods sold? 212) \_\_\_\_\_
- A) If most of the inventory produced during the period has not been sold
  - B) Under no circumstance
  - C) In all circumstances
  - D) If most of the inventory produced during the period has been sold

*Use the information below to answer the following question(s).*

Selected data about Babcox Manufacturing Ltd. operations follows:

Actual manufacturing overhead cost	\$400,000
Estimated manufacturing overhead cost	\$420,000
Estimated direct labour cost	\$180,000
Estimated direct labour hours	60,000
Actual direct labour hours	55,000
Estimated machine hours	80,000
Actual machine hours	84,000

- 213) By how much was manufacturing overhead overallocated or underallocated for the year if Babcox Manufacturing Ltd. uses a predetermined manufacturing overhead rate based on direct labour hours? 213) \_\_\_\_\_
- A) \$20,000 underallocated
  - B) \$15,000 overallocated
  - C) \$20,000 overallocated
  - D) \$15,000 underallocated

- 214) By how much was manufacturing overhead overallocated or underallocated for the year if Babcox Manufacturing Ltd. uses a predetermined manufacturing overhead rate based on machine hours?
- A) \$41,000 underallocated                      B) \$20,000 underallocated  
C) \$41,000 overallocated                      D) \$20,000 overallocated

214) \_\_\_\_\_

Use the information below to answer the following question(s).

Selected data about Hilltop Manufacturing Ltd. operations follows:

Actual manufacturing overhead cost	\$500,000
Estimated manufacturing overhead cost	\$550,000
Estimated direct labour cost	\$175,000
Estimated direct labour hours	50,000
Actual direct labour hours	60,000
Estimated machine hours	40,000
Actual machine hours	35,000

- 215) By how much was manufacturing overhead overallocated or underallocated for the year if Hilltop Manufacturing Ltd. uses a predetermined manufacturing overhead rate based on direct labour hours?
- A) \$50,000 overallocated                      B) \$50,000 underallocated  
C) \$100,000 underallocated                      D) \$160,000 overallocated

215) \_\_\_\_\_

- 216) By how much was manufacturing overhead overallocated or underallocated for the year if Hilltop Manufacturing Ltd. uses a predetermined manufacturing overhead rate based on machine hours?
- A) \$18,750 overallocated                      B) \$18,750 underallocated  
C) \$28,500 underallocated                      D) \$28,500 overallocated

216) \_\_\_\_\_

- 217) Before the year began, Johnson Manufacturing estimated that manufacturing overhead for the year would be \$160,000 and that 12,000 direct labour hours would be worked. Actual results for the year included the following:

217) \_\_\_\_\_

Actual manufacturing overhead cost	\$175,000
Actual direct labour hours	15,000

If the company allocates manufacturing overhead based on direct labour hours, the manufacturing overhead for the year would have been

- A) \$25,000 underallocated.                      B) \$15,000 overallocated.  
C) \$25,000 overallocated.                      D) \$15,000 underallocated.

- 218) Before the year began, Coia Manufacturing estimated that manufacturing overhead for the year would be \$200,000 and that 25,000 direct labour hours would be worked. Actual results for the year included the following: 218) \_\_\_\_\_

Actual manufacturing overhead cost	\$182,000
Actual direct labour hours	20,000

If the company allocates manufacturing overhead based on direct labour hours, the manufacturing overhead for the year would have been

- A) \$18,000 overallocated. B) \$22,000 overallocated.  
C) \$22,000 underallocated. D) \$18,000 underallocated.
- 219) Before the year began, Plastics Manufacturing estimated that manufacturing overhead for the year would be \$150,000 and that 25,000 direct labour hours would be worked. Actual results for the year included the following: 219) \_\_\_\_\_

Actual direct labour hours	\$20,000
Actual manufacturing overhead cost	182,000

If the company allocates manufacturing overhead based on direct labour hours, the manufacturing overhead for the year would have been

- A) \$62,000 underallocated. B) \$62,000 overallocated.  
C) \$32,000 overallocated. D) \$32,000 underallocated.
- 220) Bradley Company uses a job cost system. Manufacturing overhead has been overapplied by \$4,200 the year. Actual overhead incurred was \$96,000. Other balances are: 220) \_\_\_\_\_

Raw materials inventory at end of year	\$12,000
Work in process inventory at end of year	\$31,500
Finished goods inventory at end of year	\$41,500
Unadjusted cost of goods sold for the year	\$280,000

What will be adjusted cost of goods sold after closing manufacturing overhead?

- A) \$225,500 B) \$284,200 C) \$275,800 D) \$242,700
- 221) Stanley Company uses a job cost system. Manufacturing overhead has been overapplied by \$5,600 the year. Actual overhead incurred was \$105,000. Other balances are: 221) \_\_\_\_\_

Raw materials inventory at end of year	\$14,000
Work in process inventory at end of year	\$31,500
Finished goods inventory at end of year	\$41,500
Unadjusted cost of goods sold for the year	\$290,000

What will be adjusted cost of goods sold after closing manufacturing overhead?

- A) \$254,100 B) \$226,500 C) \$284,400 D) \$295,600

222) Smith Paints allocates overhead based on machine hours. Selected data for the most recent year follow. 222) \_\_\_\_\_

Estimated manufacturing overhead cost	\$250,000
Actual manufacturing overhead cost	\$230,000
Estimated machine hours	20,000
Actual machine hours	21,000

The estimates were made as of the beginning of the year, while the actual results were for the entire year.

The manufacturing overhead for the year would have been

- A) \$20,000 overallocated.                      B) \$32,500 overallocated.  
C) \$32,500 underallocated.                      D) \$20,000 underallocated.

223) Ryan's Paints allocates overhead based on machine hours. Selected data for the most recent year follow. 223) \_\_\_\_\_

Estimated manufacturing overhead cost	\$300,000
Actual manufacturing overhead cost	\$290,000
Estimated machine hours	20,000
Actual machine hours	22,000

The estimates were made as of the beginning of the year, while the actual results were for the entire year.

The manufacturing overhead for the year would have been

- A) \$40,000 underallocated.                      B) \$40,000 overallocated.  
C) \$10,000 overallocated.                      D) \$10,000 underallocated.

224) Stacey Enterprises uses job costing. Actual overhead for the year was \$394,500. The allocated overhead was \$511,700. What is the balance in the manufacturing overhead account? 224) \_\_\_\_\_

- A) \$906,200 overallocated                      B) \$394,500 underallocated  
C) \$117,200 overallocated                      D) \$117,200 underallocated

225) Hurley Enterprises uses job costing. Actual overhead for the year was \$494,500. The allocated overhead was \$523,500. What is the balance in the manufacturing overhead account? 225) \_\_\_\_\_

- A) \$29,000 underallocated                      B) \$29,000 overallocated  
C) \$494,500 underallocated                      D) \$1,018,000 overallocated

226) Sullivan Company uses a predetermined overhead rate based on direct labour hours to allocate manufacturing overhead to jobs. The company estimated that it would incur \$500,000 of manufacturing overhead during the year and that 100,000 direct labour hours would be worked. During the year, company actually incurred manufacturing overhead costs of \$590,000 and 120,000 direct labour hours were worked. 226) \_\_\_\_\_

By how much was manufacturing overhead overallocated or underallocated for the year?

- A) \$90,000 overallocated                      B) \$10,000 underallocated  
C) \$10,000 overallocated                      D) \$90,000 underallocated

227) Sullivan Company uses a predetermined overhead rate based on machine hours to allocate manufacturing overhead to jobs. The company estimated that it would incur \$500,000 of manufacturing overhead during the year and that 200,000 machine hours would be used. During the year, the company actually incurred manufacturing overhead costs of \$590,000 and 220,000 machine hours were used. 227) \_\_\_\_\_

By how much was manufacturing overhead overallocated or underallocated for the year?

- A) \$40,000 overallocated                      B) \$90,000 underallocated  
C) \$90,000 overallocated                      D) \$40,000 underallocated

228) Bosch Company uses a job costing system. Bosch Company estimated manufacturing overhead cost for the year at \$352,000, based on 160,000 estimated direct labour hours. Actual direct labour hours for the year totaled 198,000. Actual manufacturing overhead for the year was \$395,300. 228) \_\_\_\_\_

By how much was manufacturing overhead overallocated or underallocated for the year?

- A) \$43,300 overallocated                      B) \$40,300 underallocated  
C) \$43,300 underallocated                      D) \$40,300 overallocated

229) Beta Company uses a predetermined overhead rate based on direct labour hours to allocate manufacturing overhead to jobs. The company estimated that it would incur \$600,000 of manufacturing overhead during the year and that 150,000 direct labour hours would be worked. During the year, the company actually incurred manufacturing overhead costs of \$582,000 and 135,000 direct labour hours were worked. 229) \_\_\_\_\_

By how much was manufacturing overhead overallocated or underallocated for the year?

- A) \$42,000 underallocated                      B) \$18,000 overallocated  
C) \$42,000 overallocated                      D) \$18,000 underallocated

*Use the information below to answer the following question(s).*

The following account balances at the beginning of January were selected from the general ledger of Sailor Manufacturing Company:

Work in process inventory	\$0
Raw materials inventory	\$26,000
Finished goods inventory	\$46,000

*Additional data:*

- 1) Actual manufacturing overhead for January amounted to \$62,000.
- 2) Total direct labour cost for January was \$57,000.
- 3) The predetermined manufacturing overhead rate is based on direct labour cost. The budget for the year called for \$300,000 of direct labour cost and \$360,000 of manufacturing overhead costs.
- 4) The only job unfinished on January 31 was Job No. 1002, for which total direct labour charges were \$6,300 (800 direct labour hours) and total direct material charges were \$12,000.
- 5) Cost of direct materials placed in production during January totaled \$101,000.
- 6) January 31 balance in raw materials inventory was \$32,000.
- 7) Finished goods inventory balance on January 31 was \$34,500.

230) What is the predetermined manufacturing overhead rate at Sailor Manufacturing Company? 230) \_\_\_\_\_  
A) 108%                      B) 57%                      C) 120%                      D) 83%

- 231) What is the amount of materials purchased during January at Sailor Manufacturing Company? 231) \_\_\_\_\_  
 A) \$107,000 B) \$43,000 C) \$101,000 D) \$133,000
- 232) What is the cost of goods manufactured for January at Sailor Manufacturing Company? 232) \_\_\_\_\_  
 A) \$226,400 B) \$179,640 C) \$205,500 D) \$200,540
- 233) What is the work in process inventory balance on January 31 at Sailor Manufacturing Company? 233) \_\_\_\_\_  
 A) \$7,560 B) \$25,860 C) \$49,550 D) \$23,550
- 234) What is the cost of goods sold for January at Sailor Manufacturing Company? 234) \_\_\_\_\_  
 A) \$212,040 B) \$272,400 C) \$217,000 D) \$193,450
- 235) Has manufacturing overhead at Sailor Manufacturing Company been overallocated or underallocated and by what amount as of January 31? 235) \_\_\_\_\_  
 A) \$14,500 underallocated B) \$14,500 overallocated  
 C) \$6,400 underallocated D) \$6,400 overallocated

Use the information below to answer the following question(s).

The following information was gathered for the Buckley Corporation for the most recent year. Manufacturing overhead is allocated using direct labour hours.

Estimated direct labour hours	54,000
Actual direct labour hours	57,000
Estimated manufacturing overhead costs	\$729,000
Actual manufacturing overhead costs	\$685,000

- 236) What is the company's predetermined manufacturing overhead rate at Buckley Corporation? 236) \_\_\_\_\_  
 A) \$12.02 per direct labour hour B) \$12.69 per direct labour hour  
 C) \$12.79 per direct labour hour D) \$13.50 per direct labour hour
- 237) What amount of manufacturing overhead would be allocated for the year at Buckley Corporation? 237) \_\_\_\_\_  
 A) \$685,000 B) \$723,056 C) \$769,500 D) \$729,000
- 238) What is the amount of overallocated or underallocated overhead for the year at Buckley Corporation? 238) \_\_\_\_\_  
 A) \$44,000 overallocated B) \$84,500 overallocated  
 C) \$44,000 underallocated D) \$84,500 underallocated

239) The following data is available for Sykes Company, a small manufacturing firm, for the month of October: 239) \_\_\_\_\_

Actual manufacturing overhead costs incurred	\$58,000
Manufacturing overhead Allocated to jobs	56,000
Under allocated manufacturing overhead	\$2,000

Assume that the amount of under allocated manufacturing overhead is not material.  
Sykes Company will dispose of the under allocation by

- A) increasing cost of goods sold by \$2,000.
- B) decreasing cost of goods manufactured by \$2,000.
- C) decreasing cost of goods sold by \$2,000.
- D) reducing cost of goods manufactured by \$2,000.

240) The following data is available for Sykes Company, a small manufacturing firm, for the month of October: 240) \_\_\_\_\_

Actual manufacturing overhead costs incurred	\$56,000
Manufacturing overhead Allocated to jobs	58,000
Over allocated manufacturing overhead	\$2,000

Assume that the amount of over allocated manufacturing overhead is not material.  
Sykes Company will dispose of the under allocation by

- A) increasing cost of goods sold by \$2,000.
- B) reducing cost of goods manufactured by \$2,000.
- C) decreasing cost of goods sold by \$2,000.
- D) decreasing cost of goods manufactured by \$2,000.

241) Sales revenue is \$600,000; actual manufacturing overhead is \$104,000; allocated manufacturing overhead is \$95,000; and cost of goods sold before adjustment is \$375,000. What is the actual gross profit? 241) \_\_\_\_\_

- A) \$121,000                      B) \$234,000                      C) \$225,000                      D) \$216,000

242) Sykes Company has sales revenue of \$610,000. Cost of goods sold before adjustment is \$350,000. The company's actual manufacturing overhead is \$93,000, while allocated manufacturing overhead is \$101,500. What is the actual gross profit? 242) \_\_\_\_\_

- A) \$260,000                      B) \$268,500                      C) \$167,000                      D) \$251,500

243) Manufacturing overhead has an underallocated balance of \$16,000; raw materials inventory balance is \$150,000; work in process inventory is \$130,000; finished goods inventory is \$120,000; and cost of goods sold is \$180,000. After adjusting for the underallocated manufacturing overhead, what is cost of goods sold? 243) \_\_\_\_\_

- A) \$196,000                      B) \$164,000                      C) \$180,000                      D) \$16,000



- 244) Manufacturing overhead has an overallocated balance of \$5,000; raw materials inventory balance is \$55,000; work in process inventory is \$32,000; finished goods inventory is \$27,000; and cost of goods sold is \$120,000. After adjusting for the overallocated manufacturing overhead, what is cost of goods sold? 244) \_\_\_\_\_
- A) \$5,000                      B) \$125,000                      C) \$120,000                      D) \$115,000

*Use the information below to answer the following question(s).*

Cooper Company uses a job costing system. The company's schedule of cost of goods manufactured showed the following for September.

Cost of goods manufactured	\$52,000
Cost of direct materials used	\$27,000
Cost of direct labour (\$18 per hour)	\$18,000
Work in process inventory, September 1	\$2,000

Manufacturing overhead cost is allocated at the rate of \$12 per direct labour hour. Actual manufacturing overhead costs for September amount to \$22,000.

- 245) What is the amount of allocated manufacturing overhead costs for the month at Cooper Company? 245) \_\_\_\_\_
- A) \$52,000                      B) \$18,000                      C) \$27,000                      D) \$12,000
- 246) What is the amount of work in process inventory (after any adjustment for overallocated or underallocated manufacturing overhead) on September 30 at Cooper Company? 246) \_\_\_\_\_
- A) \$54,000                      B) \$20,000                      C) \$17,000                      D) \$67,000

*Use the information below to answer the following question(s).*

Waterside Sports Equipment Company's work in process inventory on June 1 has a balance of \$21,500 representing Job No. 151. During June, \$52,000 of direct materials were requisitioned for Job No. 151 and \$31,000 of direct labour cost was incurred on Job No. 151. Manufacturing overhead is allocated at 120% of direct labour cost. Actual manufacturing overhead costs incurred in June amounted to \$42,000. No new jobs were started during June. Job No. 151 is completed on June 28.

- 247) What is the total cost assigned to Job No. 151 at Waterside Sports Equipment Company? 247) \_\_\_\_\_
- A) \$146,500                      B) \$37,200                      C) \$130,333                      D) \$141,700
- 248) Is manufacturing overhead overallocated or underallocated for the month of June at Waterside Sports Equipment Company? By how much? 248) \_\_\_\_\_
- A) \$4,800 overallocated                      B) \$4,800 underallocated
- C) \$16,167 underallocated                      D) \$16,167 overallocated

**SHORT ANSWER. Write the word or phrase that best completes each statement or answers the question.**

249) The following account balances at the beginning of January were selected from the general ledger of Logan Industries: 249) \_\_\_\_\_

Work in process inventory	\$0
Raw materials inventory	\$29,500
Finished goods inventory	\$51,200

*Additional data:*

- 1) Actual manufacturing overhead for January amounted to \$78,200.
- 2) Total direct labour cost for January was \$72,000; actual direct labour hours for January were 3,600.
- 3) The predetermined manufacturing overhead rate is based on direct labour hours. The budget for the year called for \$325,000 of direct labour cost and \$410,400 of manufacturing overhead costs. Estimated direct labour hours for the year were expected to be 15,200.
- 4) The only job unfinished on January 31 was Job No. 619, for which total direct labour charges were \$18,000 (900 direct labour hours) and total direct material charges were \$15,000.
- 5) Cost of direct materials placed in production during January totaled \$125,000.
- 6) January 31 balance in raw materials inventory was \$32,000.
- 7) Finished goods inventory balance on January 31 was \$42,300.

**Required:**

- A) Determine the predetermined manufacturing overhead rate.
- B) Determine the amount of materials purchased during January.
- C) Determine cost of goods manufactured for January.
- D) Determine the work in process inventory balance on January 31.
- E) Determine cost of goods sold for January.
- F) Determine whether manufacturing overhead is overallocated or underallocated and by what amount at Jan. 31.

250) The following account balances at the beginning of January were selected from the general ledger of Bluestone Industries:

250) \_\_\_\_\_

Work in process inventory	\$0
Raw materials inventory	\$30,900
Finished goods inventory	\$54,800

*Additional data:*

1. Actual manufacturing overhead for January amounted to \$80,500.
2. Total direct labour cost for January was \$70,000; actual direct labour hours for January were 4,200.
3. The predetermined manufacturing overhead rate is based on direct labour hours. The budget for the year called for \$350,000 of direct labour cost and \$425,000 of manufacturing overhead costs. Estimated direct labour hours for the year were expected to be 20,000.
4. The only job unfinished on January 31 was Job No. 449, for which total direct labour charges were \$22,000 (1,200 direct labour hours) and total direct material charges were \$17,000.
5. Cost of direct materials placed in production during January totaled \$129,500. There were no indirect material requisitions during January.
6. January 31 balance in raw materials inventory was \$30,000.
7. Finished goods inventory balance on January 31 was \$44,700.

*Required:*

- a) Determine the predetermined manufacturing overhead rate.
- b) Determine the amount of materials purchased during January.
- c) Determine cost of goods manufactured for January.
- d) Determine the work in process inventory balance on January 31.
- e) Determine cost of goods sold for January.
- f) Determine whether manufacturing overhead is overallocated or underallocated and by what amount at Jan. 31.

Use this information for the next group of questions

The following data were selected from the general ledger and the budget of Bluenose Manufacturing:

Beginning Raw Materials Inventory	\$30,000	Ending Raw Materials Inventory	\$32,000
Beginning Work in Process Inventory	\$72,000	Ending Work in Process Inventory	??
Beginning Finished Goods Inventory	\$65,000	Ending Finished Goods Inventory	\$68,000
Estimated Direct Labour Hours	8,500	Estimated Direct Labour Cost	\$246,500
Actual Direct Labour Hours Used	9,000	Actual Direct Labour Cost	\$261,000
Estimated Manufacturing Overhead	\$76,500	Actual Manufacturing Overhead	\$83,000
Direct Materials Placed in production	\$126,000		

At the end of the period, the jobs that had been in process at the start of the period had been moved on to finished goods inventory and two jobs remained unfinished. Job 1059 has \$3,540 of direct materials cost and had 215 direct labour hours at a cost of \$6, Job 1060 which has \$2,420 of direct materials cost and 135 direct labour hours at a cost of \$4,185.

- 251) Calculate the Manufacturing Overhead Rate based on: 251) \_\_\_\_\_  
a) Direct Labour Hours  
b) Direct Labour Cost
- 252) Assume that Bluenose allocates Manufacturing Overhead based on Direct Labour Hours. 252) \_\_\_\_\_  
Calculate the Ending Work In Process Inventory
- 253) Assume that Bluenose allocates Manufacturing Overhead based on Direct Labour Hours. 253) \_\_\_\_\_  
Calculate the Cost of Goods Manufactured
- 254) Assume that Bluenose allocates Manufacturing Overhead based on Direct Labour Hours. 254) \_\_\_\_\_  
a. Determine the over (or under) allocation of Manufacturing Overhead  
b. What should Bluenose do with this amount
- 255) Assume that Bluenose allocates Manufacturing Overhead based on Direct Labour Cost. 255) \_\_\_\_\_  
a. Determine the over (or under) allocation of Manufacturing Overhead  
b. What should Bluenose do with this amount

- 256) The following information was gathered for the Parzone Corporation for the most recent year. Manufacturing overhead is allocated using direct labour hours. 256) \_\_\_\_\_

Estimated direct labour hours	64,000
Actual direct labour hours	70,000
Estimated manufacturing overhead costs	\$1,216,000
Actual manufacturing overhead costs	\$1,275,000

Compute:

- A) Predetermined manufacturing overhead rate
- B) Manufacturing overhead allocated for the year
- C) Amount of over/underallocated overhead at the end of the year

- 257) The following information was gathered for the Falsetto Corporation for the most recent year. Manufacturing overhead is allocated using direct labour hours. 257) \_\_\_\_\_

Estimated direct labour hours	75,000
Actual direct labour hours	82,000
Estimated manufacturing overhead costs	\$1,275,000
Actual manufacturing overhead costs	\$1,335,000

Compute:

- a) Predetermined manufacturing overhead rate
- b) Manufacturing overhead allocated for the year
- c) Amount of over/underallocated overhead at the end of the year

- 258) The following data is available for Sykes Company, a small manufacturing firm, for the month of October: 258) \_\_\_\_\_

Actual manufacturing overhead costs incurred	\$158,000
Manufacturing overhead allocated to jobs	108,000
Under allocated manufacturing overhead	\$50,000

At the end of the month the accounting records indicate:

Jobs still in Work in Process	30%
Jobs still in Ending Inventory	20%
Jobs completed and sold	50%

Assume that the amount of under allocated manufacturing overhead is considered material. Indicate the direction (increase/decrease) and amount of the adjustment Sykes Company will make, to dispose of the under allocation, to each of the following inventory accounts:

Work in Process: \_\_\_\_\_  
Ending Inventory: \_\_\_\_\_  
Cost of Goods Sold: \_\_\_\_\_

259) The following data is available for Smiths Company, a small manufacturing firm, for the month of October: 259) \_\_\_\_\_

Actual manufacturing overhead costs incurred	\$108,000
Manufacturing overhead allocated to jobs	138,000
Under/Over Allocation	_____

At the end of the month the accounting records indicate:

Jobs still in Work in Process Inventory	\$100,000
Jobs still in Ending Inventory	\$ 150,000
Jobs completed and sold	\$250,000

Assume that the amount of under allocated manufacturing overhead is considered material. Indicate the direction (increase/decrease) and amount of the adjustment Smiths Company make, to dispose of the under/over allocation, to each of the following inventory accounts:

Work in Process: \_\_\_\_\_  
 Ending Inventory: \_\_\_\_\_  
 Cost of Goods Sold: \_\_\_\_\_

260) FreeBake produces pie crusts and tart shells. The company allocates manufacturing overhead based on the machine hours each job uses. FreeBake reports the following cost data for the year. 260) \_\_\_\_\_

	<u>BUDGET</u>	<u>ACTUAL</u>
Direct labour hours	14,000 hours	12,800 hours
Machine hours	13,500 hours	12,600 hours
Depreciation on salespeople's autos	\$26,000	\$26,000
Direct materials	98,000	104,000
Depreciation on delivery trucks	26,000	28,000
Depreciation on plant and equipment	127,000	134,000
Indirect manufacturing labour	80,000	86,000
Customer service hotline	38,000	42,000
Plant utilities	36,000	40,000
Direct labour cost	140,000	170,000

Required:

1. Compute the predetermined overhead rate.
2. Calculate the allocated Manufacturing Overhead for the past year.
3. Compute the under allocated or over allocated Manufacturing Overhead.
4. How will this under allocated or over allocated Manufacturing Overhead be disposed of? Assume the amount is considered not material and most of the goods manufactured have been sold.

**MATCHING. Choose the item in column 2 that best matches each item in column 1.**

Match the following:

- |  |                             |            |
|--|-----------------------------|------------|
| 261) Calculate the amount of overallocated or underallocated manufacturing overhead.                     | A) Before the period        | 261) _____ |
|  | B) At the end of the period |            |
| 262) Compute the predetermined manufacturing overhead rate.  | C) During the period        | 262) _____ |
| 263) Adjust cost of goods sold for the amount of overallocated or underallocated manufacturing overhead. |                             | 263) _____ |
| 264) Allocate the manufacturing overhead costs.  |                             | 264) _____ |

Match the following:

- |   |                   |            |
|---|-------------------|------------|
| 265) Cost of goods sold is increased.   | A) underallocated | 265) _____ |
| 266) Actual manufacturing overhead is less than allocated manufacturing overhead. | B) overallocated  | 266) _____ |
| 267) Cost of goods sold is decreased.   |                   | 267) _____ |
| 268) Actual manufacturing overhead is more than allocated manufacturing overhead. |                   | 268) _____ |

**TRUE/FALSE. Write 'T' if the statement is true and 'F' if the statement is false.**

- |  |            |
|--|------------|
| 269) Management can use the job cost information to control costs on future jobs.  | 269) _____ |
| 270) The total cost of a job shown on the job cost record is the sum of the direct materials and direct labour traced to the job.  | 270) _____ |
| 271) The total cost of a job shown on the job cost record is the sum of the direct materials traced to the job and the manufacturing overhead allocated to the job.                  | 271) _____ |
| 272) The total cost of a job shown on the job cost record is the sum of the direct materials and direct labour traced to the job and the manufacturing overhead allocated to the job | 272) _____ |

- 273) If a job consists of a batch of identical units, managers find the unit cost by dividing the total job cost by the number of units in the job. 273) \_\_\_\_\_
- 274) The total cost of a job shown on the job cost record is the sum of the direct materials and direct labour traced to the job plus the manufacturing overhead allocated to the job. 274) \_\_\_\_\_
- 275) The gross profit on the sale of a job is the difference between the sales price and the total cost reported on the job cost record. 275) \_\_\_\_\_
- 276) Using subsidiary manufacturing overhead accounts facilitates providing information needed for sustainability purposes. 276) \_\_\_\_\_
- 277) The total cost of a product includes both manufacturing costs and all costs incurred in other elements of the value chain. 277) \_\_\_\_\_
- 278) IFRS requires that only inventoriable product costs are treated as assets. 278) \_\_\_\_\_

**MULTIPLE CHOICE. Choose the one alternative that best completes the statement or answers the question.**

- 279) If a job consists of a batch of identical units, managers find the unit cost by  
 A) multiplying the total job cost by the number of units in the job.  
 B) tracing direct labour to each unit.  
 C) dividing the total job cost by the number of units in the job.  
 D) tracing direct materials to each unit. 279) \_\_\_\_\_
- 280) The difference between the sales price and the job cost is  
 A) gross profit. B) operating income.  
 C) net income. D) cost of goods sold. 280) \_\_\_\_\_
- 281) The cost-plus price is determined as  
 A) cost + markup on cost. B) cost ÷ markup on cost.  
 C) cost × markup on cost. D) cost - markup on cost. 281) \_\_\_\_\_
- 282) Wesley Corporation charged Job 110 with \$12,000 of direct materials and \$13,500 of direct labour. Allocation for manufacturing overhead is 80% of direct labour costs. What is the total cost of Job 110? 282) \_\_\_\_\_  
 A) \$25,500 B) \$36,300 C) \$42,375 D) \$10,800
- 283) Fulton Corporation uses estimated direct labour hours of 210,000 and estimated manufacturing overhead costs of \$840,000 in establishing manufacturing overhead rates. Actual manufacturing overhead was \$960,000, and allocated manufacturing overhead was \$980,000. What were the number of actual direct hours worked? 283) \_\_\_\_\_  
 A) 214,375 B) 245,000 C) 210,000 D) 183,750



284) Job 241 has an ending balance of \$26,000. It has been charged manufacturing overhead costs of \$6,000. The rate is 75% of direct labour. What was the amount of direct materials charged to the job? 284) \_\_\_\_\_

A) \$12,000                      B) \$19,500                      C) \$22,000                      D) \$24,500

285) Carlisle Carts manufactures custom carts for a variety of uses. The following data have been recorded for Job 557, which was recently completed. Direct materials used cost \$6,300. There were 180 direct labour hours worked on this job at a direct labour wage rate of \$20 per hour. There were 75 machine hours used on this job. The predetermined overhead rate is \$32 per machine hour used. 285) \_\_\_\_\_

What is the total manufacturing cost of Job 557?

A) \$12,300                      B) \$6,555                      C) \$2,400                      D) \$3,600

286) Job 2301 requires \$12,000 of direct materials, \$5,000 of direct labour, 500 direct labour hours, and 3 machine hours. Manufacturing overhead is computed at \$15 per direct labour hour used and \$12 per machine hour used. 286) \_\_\_\_\_

The total cost of Job 1547 is

A) \$28,100.                      B) \$17,000.                      C) \$11,100.                      D) \$24,500.

287) Chilson Company manufactures custom engines for use in the lawn and garden equipment industry. The company allocates manufacturing overhead based on machine hours. Selected data for costs incurred for Job 612 are as follows: 287) \_\_\_\_\_

Direct materials used	\$3,500
Direct labour hours worked	300
Machine hours used	400
Direct labour rate per hour	\$16
Predetermined overhead rate based on machine hours	\$18

What is the total manufacturing cost of Job 612?

A) \$4,800                      B) \$4,200                      C) \$15,500                      D) \$7,200

*Use the information below to answer the following question(s).*

Addison Company uses a job costing system. Addison Company's schedule of cost of goods manufactured showed the following amounts for the month ended August 31.

Cost of goods manufactured	\$101,000
Cost of direct materials used	38,000
Cost of direct labour (\$25 per hour)	80,000
Work in process inventory, August 1	12,000

Manufacturing overhead cost is allocated at the rate of \$10 per direct labour hour. Actual manufacturing overhead costs for August amount to \$42,000.

288) What is the amount of allocated manufacturing overhead costs for August at Addison Company? 288) \_\_\_\_\_

A) \$32,000                      B) \$101,000                      C) \$60,000                      D) \$80,000

- 289) What is the amount of work in process inventory (after any adjustment for overallocated or underallocated manufacturing overhead) on August 31 at Addison Company? 289) \_\_\_\_\_
- A) \$160,000                      B) \$61,000                      C) \$30,000                      D) \$113,000

- 290) Star Corporation manufactures custom molds for use in the extrusion industry. The company allocates manufacturing overhead based on machine hours. Selected data for costs incurred for Job 732 are as follows: 290) \_\_\_\_\_

Direct materials used	\$5,600
Direct labour cost	\$2,500
Predetermined manufacturing overhead rate based on machine hours	\$12
Direct labour hours worked	250
Machine hours used	300

What is the manufacturing cost of Job 732?

- A) \$11,700                      B) \$8,100                      C) \$3,600                      D) \$11,100
- 291) Whirl 'n Twirl Corporation uses a job costing system. On January 1, Whirl 'n Twirl Corporation's work in process inventory account had a balance of \$62,000. During the year, materials requisitioned for use in production amounted to \$110,000, of which \$79,000 represented direct materials. Factory wages for the year were \$242,000, of which \$199,000 were for direct labour. Manufacturing overhead is allocated on the basis of 80% of direct labour cost. Actual overhead cost for the year was \$125,000. Jobs costing \$350,000 were completed during the year. 291) \_\_\_\_\_

The December 31 work in process inventory balance is

- A) \$149,200.                      B) \$115,000.                      C) \$158,000.                      D) \$403,000.
- 292) Dryson Company uses a job costing system. The work in process inventory on December 31 consists of Job No. 175 with a balance of \$61,500. Job No. 175 has been charged with manufacturing overhead of \$18,000. Marion allocates manufacturing overhead costs at a rate of 60% of direct labour cost. 292) \_\_\_\_\_

What was the amount of direct materials charged to Job No. 175?

- A) \$43,500                      B) \$13,500                      C) \$10,800                      D) \$26,900
- 293) Starlight Company uses a job costing system. Starlight Company uses estimated direct labour hours of 180,000 and estimated manufacturing overhead costs of \$360,000 in establishing its predetermined manufacturing overhead rate. Actual results for the year showed: 293) \_\_\_\_\_

Actual manufacturing overhead cost	\$353,000
Allocated manufacturing overhead cost	340,000

The number of direct labour hours worked during the period was

- A) 180,000.                      B) 170,000.                      C) 176,500.                      D) 173,371.

Use the information below to answer the following question(s).

Crabtree Ornaments Company uses job costing. Crabtree Ornaments Company has two departments, Trimming and Finishing. Manufacturing overhead is allocated based on direct labour cost in the Trimming Department and direct labour hours in the Finishing Department. The following additional information is available:

Estimated amounts	Trimming Dept	Finishing Dept
Direct labour cost	\$240,000	\$425,000
Direct labour hours	25,000	40,000
Manufacturing overhead costs	\$360,000	\$280,000

Actual data for completed Job No. 650 is as follows:

Actual amounts	Trimming Dept	Finishing Dept
Direct materials requisitioned	\$24,300	\$49,500
Direct labour cost	\$36,100	\$38,500
Direct labour hours	4,400	4,000

- 294) What is the predetermined manufacturing overhead rate for the Trimming Department at Crabtree Ornaments Company? 294) \_\_\_\_\_
- A) 150% of direct labour cost                      B) 104% of direct labour cost
- C) 67% of direct labour cost                      D) 100% of direct labour cost
- 295) What is the predetermined manufacturing overhead rate for the Finishing Department at Crabtree Ornaments Company? 295) \_\_\_\_\_
- A) \$10.63 per direct labour hour                      B) \$7.00 per direct labour hour
- C) \$70.00 per direct labour hour                      D) \$11.20 per direct labour hour
- 296) What is the total manufacturing overhead cost for Job No. 650 at Crabtree Ornaments Company? 296) \_\_\_\_\_
- A) \$82,150                      B) \$88,000                      C) \$52,067                      D) \$74,600
- 297) If Crabtree Ornaments Company Job No. 650 consists of 400 units of product, the average unit cost of this job is closest to 297) \_\_\_\_\_
- A) \$501.17.                      B) \$205.38.                      C) \$576.38.                      D) \$371.00.

Use the information below to answer the following question(s).

Solid Oak Bureau Company uses job costing. Solid Oak Bureau Company has two departments, Trimming and Finishing. Manufacturing overhead is allocated based on direct labour cost in the Trimming Department and direct labour hours in the Finishing Department. The following additional information is available:

Estimated amounts	Trimming Dept	Finishing Dept
Direct labour cost	\$320,000	\$400,000
Direct labour hours	25,000	40,000
Manufacturing overhead costs	\$416,000	\$260,000

Actual data for completed Job No. 650 is as follows:

Actual amounts	Trimming Dept	Finishing Dept
Direct materials requisitioned	\$22,500	\$52,500
Direct labour cost	\$35,400	\$37,100
Direct labour hours	5,400	5,000

- 298) What is the predetermined manufacturing overhead rate for the Trimming Department? 298) \_\_\_\_\_  
 A) 77% of direct labour cost B) 130% of direct labour cost  
 C) 100% of direct labour cost D) 107% of direct labour cost
- 299) What is the predetermined manufacturing overhead rate for the Finishing Department? 299) \_\_\_\_\_  
 A) \$6.50 per direct labour hour B) \$10.40 per direct labour hour  
 C) \$52.00 per direct labour hour D) \$10.00 per direct labour hour
- 300) What is the total manufacturing overhead cost for Job No. 650? 300) \_\_\_\_\_  
 A) \$72,500 B) \$89,600 C) \$78,520 D) \$59,731
- 301) If Job No. 650 consists of 500 units of product, the average unit cost of this job is closest to 301) \_\_\_\_\_  
 A) \$157.04. B) \$295.00. C) \$452.04. D) \$414.46.

Use the information below to answer the following questions

GreenPark Limited makes custom outdoor furniture for municipal and provincial parks. At the start of the year, GreenPark estimated that it would incur \$630,000 in manufacturing overhead cost, use 40,000 direct labour hours and incur \$1,100,000 in labour costs. In July, GreenPark finished Job 3275 for the City of Ottawa. The job required 252 direct labour hours at a cost of and required \$12,500 of direct materials.

- 302) What is GreenPark's manufacturing overhead rate per direct labour hour? 302) \_\_\_\_\_  
 A) \$27.50 B) \$15.75 C) \$1.746 D) \$ 0.573
- 303) What is GreenPark's manufacturing rate per direct labour cost? 303) \_\_\_\_\_  
 A) 73.25% B) 20.25% C) 57.27% D) 65.00%

- 304) Assuming that GreenPark allocates manufacturing overhead using direct labour hours, what is the manufacturing cost of job 3275? 304) \_\_\_\_\_  
 A) \$ 12,500 B) \$ 20,060 C) \$ 29,632 D) \$ 24,029
- 305) Assuming that GreenPark allocates manufacturing overhead using direct labour hours and prices its products at a price of 35% over manufacturing cost. How much will GreenPark charge the City of Ottawa for job 3275? 305) \_\_\_\_\_  
 A) \$ 27,081.00 B) \$ 16,875.00 C) \$ 10,206.00 D) \$ 32,439.15

Use the information below to answer the following question(s).

Sierra Ceramics makes custom ceramic tiles. During March, the company started and finished Job #231. Job #231 consists of 2, each tile sells for \$12.00. The company's records show the following direct materials were requisitioned for Job #231.

Basic terra cotta tiles: 2,000 units at \$2.00 per unit  
 Specialty paint: 5 quarts at \$4.00 per quart  
 High gloss glaze: 3 quarts at \$10.00 per quart

Labour time records show the following employees worked on Job #231:

Emily Jergens: 20 hours at \$22 per hour  
 Dan Evrard: 12 hours at \$15 per hour

Sierra Ceramics allocates manufacturing overhead at a rate of \$25 per direct labour hour.

- 306) At Sierra Ceramics what is the total amount of direct materials, direct labour, and manufacturing overhead that should be shown on Job #231's job cost record? 306) \_\_\_\_\_  
 A) \$5,470 B) \$24,000 C) \$800 D) \$4,670
- 307) What is Sierra Ceramics' gross profit per tile on Job #231? 307) \_\_\_\_\_  
 A) \$11.60 B) \$12.00 C) \$9.27 D) \$9.67

Use the information below to answer the following question(s).

Portend Company uses a job costing system. The company's schedule of cost of goods manufactured showed the following for September.

Cost of goods manufactured	\$26,000
Cost of direct materials used	\$13,500
Cost of direct labour (\$9 per hour)	\$9,000
Work in process inventory, September 1	\$1,000

Manufacturing overhead cost is allocated at the rate of \$6 per direct labour hour

Actual manufacturing overhead costs for September amount to \$11,000.

- 308) What is the amount of work in process inventory on September 30 at Portend Company? 308) \_\_\_\_\_  
 A) \$10,000 B) \$3,500 C) \$33,500 D) \$27,000

- 309) What is the amount of allocated manufacturing overhead costs for the month at Portend Company? 309) \_\_\_\_\_
- A) \$13,500                      B) \$6,000                      C) \$26,000                      D) \$9,000

Use the information below to answer the following question(s).

Intak Company uses a job costing system. The company's schedule of cost of goods manufactured showed the following amounts for November.

Cost of goods manufactured	\$55,000
Cost of direct materials used	\$29,000
Cost of direct labour (\$9 per hour)	\$13,500
Work in process inventory, November 1	\$1,500

Manufacturing overhead cost is allocated at the rate of \$6 per direct labour hour. Actual manufacturing overhead costs for September amount to \$12,000.

- 310) What is the amount of allocated manufacturing overhead costs for the month at Intak Company? 310) \_\_\_\_\_
- A) \$29,000                      B) \$9,000                      C) \$57,000                      D) \$13,500

- 311) Willy's Wagons manufactures custom carts for a variety of uses. The following data has been recorded for Job 531, which was recently completed. Direct materials used cost \$12,900. There were 210 direct labour hours worked on this job at a direct labour wage rate of \$20 per hour. There were 165 machine hours used on this job. The predetermined overhead rate is \$32 per machine hour used. 311) \_\_\_\_\_

What is the total manufacturing cost of Job 531?

- A) \$3,600                      B) \$6,555                      C) \$23,820                      D) \$22,380

- 312) Job 2928 requires \$38,000 of direct materials, \$12,000 of direct labour, 700 direct labour hours, and 100 machine hours. Manufacturing overhead is computed at \$15 per direct labour hour used and \$12 per machine hour used. 312) \_\_\_\_\_

The total cost of Job 2948 is

- A) \$65,000.                      B) \$54,500.                      C) \$53,000.                      D) \$38,000.

- 313) A local financial consulting firm employs 30 full-time staff. The budgeted compensation per employee is \$50,000, for 2,000 hours. All direct labour costs are charged to clients. 313) \_\_\_\_\_

Any other costs are included in a single indirect-cost pool, allocated according to labour-hours. Actual indirect costs were \$750,000. Budgeted indirect costs for the year are \$525,000 and the firm expects to have 60 clients during the coming year.

What is the total cost of a job which took 27 hours, using predetermined overhead rate?

- A) \$30,375.00  
B) \$27,337.50  
C) \$1,012.50  
D) \$911.25  
E) \$50,000.00

**SHORT ANSWER. Write the word or phrase that best completes each statement or answers the question.**

- 314) Millstone Company uses job costing. Millstone Company has two departments, Sanding and Finishing. Manufacturing overhead is allocated based on direct labour cost in the Sanding Department and direct labour hours in The Finishing Department. The following additional information is available: 314) \_\_\_\_\_

Estimated amounts	Sanding Dept.	Finishing Dept.
Direct labour cost	\$250,000	\$450,000
Direct labour hours	26,000	50,000
Manufacturing overhead costs	\$350,000	\$275,000

Actual data for completed Job No. 140 is as follows:

Actual amounts	Sanding Dept.	Finishing Dept.
Direct materials requisitioned	\$25,000	\$50,000
Direct labour cost	\$36,000	\$42,000
Direct labour hours	4,500	4,000

- A) Compute the predetermined manufacturing overhead rate for the Sanding Department
- B) Compute the predetermined manufacturing overhead rate for the Finishing Department
- C) What is the total manufacturing overhead cost for Job. No. 140?
- D) If Job No. 140 consists of 400 units of product, what is the average unit cost of this job?

- 315) Hardrock Company uses job costing. Hardrock Company has two departments, Sanding and Finishing. Manufacturing overhead is allocated based on direct labour cost in the Sanding Department and direct labour hours in the Finishing Department. The following additional information is available: 315) \_\_\_\_\_

Estimated amounts	Sanding Dept.	Finishing Dept.
Direct labour cost	\$250,000	\$500,000
Direct labour hours	32,000	50,000
Manufacturing overhead costs	\$400,000	\$250,000

Actual data for completed Job No. 140 is as follows:

Actual amounts	Sanding Dept.	Finishing Dept.
Direct materials requisitioned	\$90,000	\$45,000
Direct labour cost	\$50,000	\$40,000
Direct labour hours	7,000	5,000

- a. Compute the predetermined manufacturing overhead rate for the Sanding Department.
- b. Compute the predetermined manufacturing overhead rate for the Finishing Department
- c. What is the total manufacturing overhead cost for Job. No. 140?
- d. If Job No. 140 consists of 500 units of product, what is the average unit cost of this job?

316) Records for Josten's Custom Networks contained the following data.

316) \_\_\_\_\_

Job No.	Dates			Total Cost of Job on June 30
	Started	Finished	Sold	
100	May 12	June 12	June 21	\$24,500
101	May 15	June 20	June 25	12,100
102	June 8	July 8	July 15	31,700
103	June 12	June 28	July 2	17,300
104	June 20	July 19	July 26	27,800

Compute:

- A) Work in process inventory on June 30
- B) Finished goods inventory on June 30
- C) Cost of goods sold for June

317) Switech Technology's work in process inventory on June 1 has a balance of \$24,500 representing Job No. 95. During June, \$67,500 of direct materials were requisitioned for Job No. 95 and \$4,300 of direct labour cost was incurred on Job No. 95. Manufacturing overhead is allocated at a rate of \$15.00 per direct labour hour. Actual manufacturing overhead costs incurred in June amounted to \$20,000. There were 600 actual direct labour hours worked in June. No new jobs were started during June. Job No. 95 is completed on June 28.

317) \_\_\_\_\_

- A) Determine the total cost assigned to Job No. 95.
- B) Is manufacturing overhead overallocated or underallocated for the month of June? By how much?

318) Hollinger Ceramics makes custom ceramic tiles. During March, the company started and finished Job #914. The company's records show the following direct materials were requisitioned for Job #914.

318) \_\_\_\_\_

Plain white tiles: 1,500 units at \$3.00 per unit  
 Specialty paint: 4 quarts at \$5.00 per quart  
 High gloss glaze: 3 quarts at \$10.00 per quart

Labour time records show the following employees worked on Job #914:

Sarah Goodson: 10 hours at \$25 per hour

Micah McWhorter: 5 hours at \$15 per hour

Hollinger Ceramics allocates manufacturing overhead at a rate of \$12 per direct labour hour

- A) Compute the total amount of direct materials, direct labour, and manufacturing overhead that should be shown on Job #914's job cost record.
- B) Job #914 consists of 1,500 tiles. If each tile sells for \$11.00, what is the gross profit per tile?



319) Senator Technology's work in process inventory on July 1 has a balance of \$49,000 representing Job No. 96. During July, \$135,000 of direct materials were requisitioned for Job No. 96 and \$8,600 of direct labour cost was incurred on Job No. 96. Manufacturing overhead is allocated at a rate of \$15.00 per direct labour hour. Actual manufacturing overhead costs incurred in July amounted to \$40,000. There were 1,200 actual direct labour hours worked in July. No new jobs were started during July. Job No. 96 is completed on July 28. 319) \_\_\_\_\_

- A) Determine the total cost assigned to Job No. 96.  
B) Is manufacturing overhead over allocated or under allocated for the month of July? By how much?

320) Kimberly Glass Works makes custom glass tiles. During May, the company started and finished Job #915. The company's records show the following direct materials were requisitioned for Job #915 320) \_\_\_\_\_

Clear white tiles: 3,000 units at \$3.00 per unit  
Specialty colours: 8 quarts at \$5.00 per quart  
Mirror gloss: 6 quarts at \$10.00 per quart

Labour time records show the following employees worked on Job #915:

Sarah Goodson: 20 hours at \$25 per hour  
Micah McWhorter: 10 hours at \$15 per hour

Kimberly Glass Works allocates manufacturing overhead at a rate of \$14 per direct labour hour.

- A) Compute the total amount of direct materials, direct labour, and manufacturing overhead that should be shown on Job #915's job cost record.  
B) Job #915 consists of 3,000 tiles. If each tile sells for \$11.00, what is the gross profit per tile?

- 321) Jamboree Storage Solutions Ltd. manufactures custom storage units for the resource industry from recycled plastics. Many of the company's customers are responding to negative publicity regarding the effect their exploration and development activities are having on the environment. Consequently Jamboree Storage Solutions Ltd. products are gaining market share.

Jamboree Storage Solutions Ltd. includes two types of direct material charges in their job cost for each job: 1) Non-recycled; and 2) Recycled. The company also keeps track of the weight of each type of direct material so that the final recycled-content percentage for the job can be reported to the customer. The company also reports on the percentage of recycled content as a total of plastics used each month on its own internal reporting system to help encourage managers to use recycled-content whenever possible.

Jamboree Storage Solutions Ltd. uses a predetermined manufacturing overhead rate of \$20 per direct labour hour. Here is a summary of the materials and labour used on a recent job for Daphne Exploration Ltd.:

Description	Non-recycled	Recycled	Direct labour
Quantity	240 Kg.	1,800 Kg.	7 hours
Cost	\$8.00/Kg.	\$10.00/Kg.	\$28.00/hour

Required:

- A) Calculate the total cost of the Daphne Exploration Ltd. job
- B) Calculate the percentage of recycled content used in the job based on kilograms

- 322) LayBoy started and finished job 3729 during September. The following direct materials were requisitioned for job 3729:

Lumber        37 board feet at \$10.50 per board foot  
Foam         8 cubic metres at \$17.75 per cubic metre  
Fabric        12 square metres at \$12.00 per square metre.

Employee Time Cards show the following employees worked on job 3729

Victor Smith   8 hours at \$32.00 /hour  
Steven Sly     6 hours at \$29.00 / hour

LayBoy allocates manufacturing overhead at \$15.00 per direct labour hour.

Required

- 1. Compute the total cost of 3729.
- 2. Job 3729 consisted of 2 chairs. If LayBoy charges its customers a markup of 30% of total manufacturing cost, what is the price of each chair?

323) GreenClean recycles paper products into packaging materials. Management is trying to determine whether to use Direct Labour Hours (estimated to be 12,000 hours) or Machine Hours (estimated to be 18,000 hours) to allocate its manufacturing overhead. Overhead is estimated to be \$360,000 for the upcoming year. GreenClean bids for jobs by applying a 30 markup on total costs.

323) \_\_\_\_\_

GreenClean is preparing to bid for two separate jobs for the new year.

Job A will require \$12,000 in labour cost, \$15,000 in materials, 300 direct labour hours and machine hours.

Job B will require \$12,000 in labour cost, \$15,000 in materials, 350 direct labour hours and machine hours.

Required:

- 1 - Calculate GreenClean's bid for Job A and Job B using
  - a. Direct Labour Hours to allocate manufacturing overhead
  - b. Machine Hours to allocate manufacturing overhead

**TRUE/FALSE. Write 'T' if the statement is true and 'F' if the statement is false.**

324) When an item is sold, finished goods inventory is debited and cost of goods sold is credited.

324) \_\_\_\_\_

325) In job costing, when indirect materials are requisitioned for a job, the raw materials inventory account is credited.

325) \_\_\_\_\_

326) In job costing, when raw materials are requisitioned for a job, the raw materials inventory is credited.

326) \_\_\_\_\_

327) The work in process account is debited for the cost of direct labour in a job cost system.

327) \_\_\_\_\_

328) Actual manufacturing overhead costs are accumulated as debits to a single general ledger account called manufacturing overhead.

328) \_\_\_\_\_

329) The entry to allocate manufacturing overhead costs to work in process requires a debit to work in process.

329) \_\_\_\_\_

330) The manufacturing overhead account is credited for actual manufacturing overhead costs incurred in the period.

330) \_\_\_\_\_

331) The entry to transfer sold goods includes a credit to finished goods inventory.

331) \_\_\_\_\_

332) Finished goods inventory is credited when the product is sold.

332) \_\_\_\_\_

333) A debit balance in the manufacturing overhead account indicates that overhead costs allocated to the Work in Process Inventory account were greater than the actual overhead incurred.

333) \_\_\_\_\_

**MULTIPLE CHOICE. Choose the one alternative that best completes the statement or answers the question.**

- 334) Cost of goods sold is debited and finished goods inventory is credited for 334) \_\_\_\_\_  
A) the sale of goods to a customer.  
B) purchase of goods on account.  
C) transfer of materials into work in process inventory.  
D) transfer of goods to the finished goods storeroom.
- 335) Finished goods inventory is debited and work in process inventory is credited for 335) \_\_\_\_\_  
A) transfer of goods to the finished goods storeroom.  
B) transfer goods out to the factory.  
C) transfer of material to work in process inventory.  
D) purchase of goods on account.
- 336) Raw materials inventory is credited and work in process inventory is debited when 336) \_\_\_\_\_  
A) we ship goods to the customer. B) we purchase goods on account.  
C) we transfer goods to the storeroom. D) material is transferred to the factory.
- 337) The cost of direct labour used in production is recorded as a 337) \_\_\_\_\_  
A) debit to Work in Process Inventory. B) debit to Wages Payable.  
C) debit to Wages Expense. D) debit to Manufacturing Overhead.
- 338) The cost of direct labour used in production is recorded as a 338) \_\_\_\_\_  
A) credit to Wages Payable. B) credit to Wages Expense.  
C) credit to Work in Process Inventory. D) credit to Manufacturing Overhead.
- 339) The cost of indirect labour used in the factory is recorded as a 339) \_\_\_\_\_  
A) debit to Manufacturing Overhead. B) debit to Wages Expense.  
C) debit to Work in Process Inventory. D) debit to Wages Payable.
- 340) The cost of indirect labour used in the factory is recorded as a 340) \_\_\_\_\_  
A) credit to Manufacturing Overhead. B) credit to Wages Payable.  
C) debit to Wages Expense. D) debit to Work in Process Inventory.
- 341) The cost of direct materials used in production is recorded as a 341) \_\_\_\_\_  
A) debit to Raw Materials Inventory. B) debit to Work in Process Inventory.  
C) debit to Direct Materials Expense. D) debit to Manufacturing Overhead.
- 342) The cost of direct materials used in production is recorded as a 342) \_\_\_\_\_  
A) credit to Raw Materials Inventory. B) credit to Direct Materials Expense.  
C) credit to Work in Process Inventory. D) credit to Manufacturing Overhead.

- 343) The cost of indirect materials used in the factory is recorded as a 343) \_\_\_\_\_  
 A) debit to Manufacturing Overhead. B) debit to Raw Materials Inventory.  
 C) debit to Work in Process Inventory. D) debit to Direct Materials Expense.
- 344) The cost of indirect materials used in the factory is recorded as a 344) \_\_\_\_\_  
 A) credit to Work in Process Inventory. B) credit to Manufacturing Overhead.  
 C) credit to Raw Materials Inventory. D) credit to Direct Materials Expense.
- 345) The journal entry needed to record the receipt of a factory utility bill would include a 345) \_\_\_\_\_  
 A) debit to Manufacturing Overhead. B) debit to Utilities Payable.  
 C) credit to Manufacturing Overhead. D) debit to Accounts Payable.
- 346) The journal entry needed to record depreciation on factory equipment would include a 346) \_\_\_\_\_  
 A) debit to Work in Process Inventory. B) debit to Depreciation Expense.  
 C) credit to Accumulated Depreciation. D) credit to Manufacturing Overhead.
- 347) The journal entry needed to record depreciation on the factory equipment would include a 347) \_\_\_\_\_  
 A) debit to Accumulated Depreciation. B) debit to Depreciation Expense.  
 C) debit to Work in Process Inventory. D) debit to Manufacturing Overhead.
- 348) The journal entry needed to allocate manufacturing overhead to specific jobs would include a 348) \_\_\_\_\_  
 A) credit to Work in Process Inventory. B) debit to Cost of Goods Sold.  
 C) debit to Manufacturing Overhead. D) credit to Manufacturing Overhead.
- 349) The journal entry needed to record the receipt of a bill from the company's marketing agency 349) \_\_\_\_\_  
 would include a  
 A) debit to Marketing Expenses. B) debit to Manufacturing Overhead.  
 C) debit to Work in Process Inventory. D) credit to Work in Process Inventory.
- 350) The journal entry needed to record the completion of a job includes a 350) \_\_\_\_\_  
 A) debit to Work in Process Inventory. B) credit to Finished Goods Inventory.  
 C) credit to Work in Process Inventory. D) debit to Cost of Goods Sold.
- 351) The journal entry needed to record the completion of a job includes a 351) \_\_\_\_\_  
 A) debit to Raw Materials Inventory. B) debit to Work in Process Inventory.  
 C) debit to Cost of Goods Sold. D) debit to Finished Goods Inventory.
- 352) Under a perpetual inventory system, the journal entry needed to record the sale of a job includes a 352) \_\_\_\_\_  
 A) debit to Cost of Goods Sold and credit to Finished Goods Inventory.  
 B) debit to Finished Goods Inventory and credit to Cost of Goods Sold.  
 C) debit to Cost of Goods Sold and credit to Accounts Receivable.  
 D) debit to Sales Revenue and credit to Accounts Receivable.

- 353) Under a perpetual inventory system, the journal entry needed to record the sale of a job includes a 353) \_\_\_\_\_  
 A) debit to Accounts Receivable and credit to Sales Revenue.  
 B) debit to Cost of Goods Sold and credit to Accounts Receivable.  
 C) debit to Sales Revenue and credit to Accounts Receivable.  
 D) debit to Finished Goods Inventory and credit to Cost of Goods Sold.

- 354) Specialty Wood Products Company had the following labour-related transactions at their plant la: 354) \_\_\_\_\_  
 month:

Woodworkers' wages	\$100,000
Staining tank workers' wages	20,000
Maintenance personnel wages (overhead)	10,000

What is the journal entry to record the cost of labour?

- A) 

WIP Inventory		120,000	
Manufacturing Overhead		10,000	
	Wages Payable		130,000
- B) 

Manufacturing Wages		130,000	
	Wages Payable		130,000
- C) 

Wages Payable		130,000	
	Manufacturing Wages		130,000
- D) 

WIP Inventory		130,000	
	Manufacturing Wages		130,000

355) Wood Sculptor Company had the following labour-related transactions at their plant last month: 355) \_\_\_\_\_

Woodworkers' wages	\$120,000
Staining tank workers' wages	40,000
Maintenance personnel wages (overhead)	10,000

What is the journal entry to record the cost of labour?

- A) 

Manufacturing Wages		170,000	
	Wages Payable		170,000
- B) 

WIP Inventory		160,000	
Wages Expense		10,000	
	Manufacturing Wages		170,000
- C) 

WIP Inventory		160,000	
Manufacturing Overhead		10,000	
	Wages Payable		170,000
- D) 

Wages Payable		170,000	
	Manufacturing Wages		170,000

356) Which of the following entries would be made to record the purchase of \$20,000 of raw materials? 356) \_\_\_\_\_

- A) 

WIP Inventory		20,000	
	Wages Payable		20,000
- B) 

Raw Materials Inventory		20,000	
	Accounts payable		20,000
- C) 

Accounts payable		20,000	
	Raw Materials Inventory		20,000
- D) 

Accounts payable		20,000	
	WIP Inventory		20,000

Use the information below to answer the following question(s).

Here is some basic data for Wharton Company:

Cost of materials purchases on account	\$75,000
Cost of materials requisitioned (includes \$2,000 of indirect)	43,000
Direct labour costs incurred	75,000
Manufacturing overhead costs incurred, including indirect materials	95,000
Cost of goods completed	226,750
Cost of goods sold	138,000
Beginning raw materials inventory	15,000
Beginning work in process inventory	32,000
Beginning finished goods inventory	31,000
Predetermined manufacturing overhead rate (as % of direct labour cost)	125%

- 357) For Wharton Company the journal entry to record the cost of direct materials placed into production involves a 357) \_\_\_\_\_
- A) debit to Manufacturing Overhead for \$41,000.  
 B) debit to Work in Process Inventory for \$41,000.  
 C) debit to Work in Process Inventory for \$43,000.  
 D) credit to Manufacturing Overhead for \$2,000.

- 358) For Wharton Company the journal entry to apply manufacturing overhead to work in process involves a 358) \_\_\_\_\_
- A) credit to Work in Process Inventory for \$93,750.  
 B) debit to Work in Process Inventory for \$75,000.  
 C) debit to Manufacturing Overhead for \$93,750.  
 D) credit to Manufacturing Overhead for \$93,750.

- 359) For Wharton Company the journal entry to close the under or over applied overhead to cost of goods sold is as follows: 359) \_\_\_\_\_

- A) 

Cost of Goods Sold		1,250	
	Manufacturing Overhead		1,250
- B) 

Manufacturing Overhead		750	
	Cost of Goods Sold		750
- C) 

Cost of Goods Sold		750	
	Manufacturing Overhead		750
- D) 

Manufacturing Overhead		1,250	
	Cost of Goods Sold		1,250



Use the information below to answer the following question(s).

Here is some basic data for Shannon Company:

Cost of materials purchases on account	\$72,000
Cost of materials requisitioned (includes \$2,000 of indirect)	53,000
Direct labour costs incurred	79,000
Manufacturing overhead costs incurred, including indirect materials	87,000
Cost of goods completed	256,750
Cost of goods sold	167,000
Beginning raw materials inventory	17,000
Beginning work in process inventory	33,000
Beginning finished goods inventory	35,000
Predetermined manufacturing overhead rate (as % of direct labour cost)	125%

- 360) For Shannon Company the journal entry to record the cost of raw materials placed into production involves a 360) \_\_\_\_\_
- A) debit to Work in Process Inventory account for \$51,000.  
 B) debit to Work in Process Inventory account for \$53,000.  
 C) debit to Overhead account for \$51,000.  
 D) credit to Manufacturing Overhead account for \$2,000.

- 361) For Shannon Company the journal entry to apply manufacturing overhead to work in process involves a 361) \_\_\_\_\_
- A) debit to Work in Process Inventory for \$79,000.  
 B) credit to Work in Process Inventory for \$98,750.  
 C) credit to Manufacturing Overhead for \$98,750.  
 D) debit to Manufacturing Overhead for \$98,750.

- 362) For Shannon Company the journal entry to close the under or over applied overhead to cost of goods sold is as follows: 362) \_\_\_\_\_

- A) 

Cost of Goods Sold		13,250	
	Manufacturing Overhead		13,250
- B) 

Manufacturing Overhead		11,250	
	Cost of Goods Sold		11,250
- C) 

Manufacturing Overhead		13,250	
	Cost of Goods Sold		13,250
- D) 

Cost of Goods Sold		11,250	
	Manufacturing Overhead		11,250

363) The journal entry to issue \$500 of direct materials and \$30 of indirect materials involves a debit to 363) \_\_\_\_\_  
 A) Work in Process Inventory for \$530.  
 B) Work in Process Inventory for \$500 and a credit to Manufacturing Overhead for \$30.  
 C) Work in Process Inventory for \$500 and a debit to Manufacturing Overhead for \$30.  
 D) Manufacturing Overhead for \$530.

364) The journal entry to assign \$1,500 of direct labour and \$200 of indirect labour involves a debit to 364) \_\_\_\_\_  
 A) Manufacturing Overhead for \$1,700.  
 B) Work in Process Inventory for \$1,500 and a debit to Manufacturing Overhead for \$200.  
 C) Work in Process Inventory for \$1,700.  
 D) Work in Process Inventory for \$1,500 and a credit to Manufacturing Overhead for \$200.

365) Which of the following entries would be made to record the requisition of \$10,000 of direct materials and \$5,000 of indirect materials? 365) \_\_\_\_\_

A)

Raw Materials Inventory		15,000	
	WIP Inventory		15,000

B)

WIP Inventory		15,000	
	Materials Inventory		15,000

C)

Manufacturing Overhead		15,000	
	Raw Materials Inventory		15,000

D)

WIP Inventory		10,000	
Manufacturing Overhead		5,000	
	Materials Inventory		15,000

366) In a manufacturing business, which of the following entries would be made to record \$10,000 of labour of which 70% of is direct labour, and 30% which is indirect labour? 366) \_\_\_\_\_

A)

Work in Process Inventory		7,000	
Manufacturing Overhead		3,000	
	Wages Payable		10,000

B)

Work in Process Inventory		10,000	
	Wages Payable		10,000

C)

Wages Payable		10,000	
	WIP Inventory		7,000
	Manufacturing Overhead		3,000

D)

Manufacturing Overhead		10,000	
	Manufacturing Wages		10,000

367) The journal entry to record \$200 of depreciation expense on factory equipment involves a

367) \_\_\_\_\_

- A) credit to Manufacturing Overhead for \$200.
- B) debit to Manufacturing Overhead for \$200.
- C) debit to Accumulated Depreciation for \$200.
- D) debit to Depreciation Expense for \$200.

368) Here is some basic data for Mogelson Company:

368) \_\_\_\_\_

Cost of goods manufactured for the period:	\$420,000
Work in process inventory, beginning of period:	100,000
Work in process inventory, end of period:	120,000
Direct materials used:	50,000

Manufacturing overhead is allocated at 60% of direct labour cost. What are the total costs debited to work in process inventory during the period?

- A) \$400,000
- B) \$440,000
- C) \$550,000
- D) \$520,000

369) Here is some basic data for Sarasota Manufacturing:

369) \_\_\_\_\_

Cost of materials purchases on account	\$75,000
Cost of materials requisitioned (includes \$2,000 of indirect)	43,000
Direct labour costs incurred	75,000
Manufacturing overhead costs incurred, including indirect materials	95,000
Cost of goods completed	226,750
Cost of goods sold	138,000
Beginning raw materials inventory	15,000
Beginning work in process inventory	32,000
Beginning finished goods inventory	31,000
Predetermined manufacturing overhead rate (as % of direct labour cost)	125%

The journal entry to record actual manufacturing overhead costs includes a

- A) debit to Manufacturing Overhead for \$95,000.
- B) debit to Work in Process Inventory for \$93,750.
- C) credit to Manufacturing Overhead for \$93,750.
- D) credit to Work in Process Inventory for \$95,000.

370) Here is some basic data for Harold Company:

370) \_\_\_\_\_

Cost of materials purchases on account	\$80,000
Cost of materials requisitioned (includes \$2,000 of indirect)	51,000
Direct labour costs incurred	82,000
Manufacturing overhead costs incurred, including indirect materials	93,500
Cost of goods completed	225,000
Cost of goods sold	137,000
Beginning raw materials inventory	17,000
Beginning work in process inventory	33,000
Beginning finished goods inventory	37,500
Predetermined manufacturing overhead rate (as % of direct labour cost)	120%

The journal entry to record the allocation of manufacturing overhead involves a debit to work in p inventory of

- A) \$61,200.                      B) \$98,400.                      C) \$93,500.                      D) \$68,333.

Use the information below to answer the following question(s).

Here is some basic data for Callor Corporation:

Beginning raw materials inventory	\$36,000	Beginning work in process inventory	64,000
Beginning finished goods inventory	54,000	Cost of materials purchased	148,000
Cost of direct materials requisitioned	85,000	Direct labour incurred	135,000
Actual manufacturing overhead	162,000	Completed goods	295,000
Cost of goods sold	260,000	Manufacturing overhead rate (% of direct labour)	125%

371) The entry at Callor Corporation to record the cost of goods completed would include a

371) \_\_\_\_\_

- A) debit to Finished Goods Inventory for \$295,000.  
B) debit to Work in Process Inventory for \$260,000.  
C) credit to Work in Process Inventory for \$260,000.  
D) credit to Finished Goods Inventory for \$295,000.

372) At Callor Corporation the entry to record the cost of goods sold would include a

372) \_\_\_\_\_

- A) credit to Finished Goods Inventory for \$260,000.  
B) debit to Cost of Goods Sold for \$295,000.  
C) credit to Cost of Goods Sold for \$260,000.  
D) credit to Finished Goods Inventory for \$295,000.

373) Job 111 started on June 1 and finished on July 15. Total cost on July 1 was \$18,100, and the costs added in July were \$177,200. The entry for the sale at a price of \$305,420 would be

373) \_\_\_\_\_

- A) 

Accounts receivable		305,420	
	Sales Revenue		305,420
- B) 

Sales Revenue		305,420	
	Accounts receivable		305,420
- C) 

Finished goods inv.		195,300	
	Cost of goods sold		195,300
- D) 

Work in process inventory		195,300	
	Cost of goods sold		195,300

374) Job 299 started on June 1 and finished on July 15. Total cost on July 1 was \$9,200, and the costs added in July were \$153,400. The product was sold. What is the debit to cost of goods sold?

374) \_\_\_\_\_

- A) \$144,200      B) \$9,200      C) \$162,600      D) \$153,400

Use the information below to answer the following question(s).

Here is selected data for Lorelei Corporation:

Cost of raw material purchased	\$75,000
Cost of requisitioned direct materials	41,000
Cost of requisitioned indirect materials	2,000
Direct labour	75,000
Manufacturing overhead incurred	95,000
Cost of goods completed	226,750
Cost of goods sold	138,000
Beginning raw materials inventory	15,000
Beginning work in process inventory	32,000
Beginning finished goods inventory	31,000
Manufacturing overhead allocation rate (based on direct labour)	125%

375) At Lorelei Corporation the journal entry to transfer completed goods to the finished goods inventory account would include a

375) \_\_\_\_\_

- A) credit to Work in Process Inventory for \$227,875.  
 B) debit to Finished Goods Inventory for \$226,750.  
 C) debit to Work in Process Inventory for \$226,750.  
 D) debit to Finished Goods Inventory for \$227,875.

376) At Lorelei Corporation the journal entry to close manufacturing overhead would include a

376) \_\_\_\_\_

- A) credit to Manufacturing Overhead for \$1,450.  
 B) credit to Manufacturing Overhead for \$1,250.  
 C) credit to Cost of Goods Sold for \$1,250.  
 D) debit to Manufacturing Overhead for \$1,250.

377) At Lorelei Corporation the journal entry to close manufacturing overhead would include a 377) \_\_\_\_\_  
 A) debit to Cost of Goods Sold for \$1,250.  
 B) credit to Cost of Goods Sold for \$1,250.  
 C) debit to Work in Process Inventory for \$1,250.  
 D) debit to Manufacturing Overhead for \$1,450.

378) Daniel Company uses a job cost system. The overhead account shows a \$4,500 overallocated balan 378) \_\_\_\_\_  
 the end of the year. Actual overhead incurred was \$95,000. Other balances are:

Ending raw materials	\$10,000
Work in process inventory at end of year	30,000
Finished goods inventory at end of year	45,000
Cost of goods sold for year	\$275,000

The entry to close manufacturing overhead would include a

- A) debit to Manufacturing Overhead for \$4,500.
- B) credit to Manufacturing Overhead for \$4,500.
- C) credit to Cost of Goods Sold for \$4,500.
- D) debit to Cost of Goods Sold for \$4,500.

379) ABC uses job costing. Actual manufacturing overhead for the period is \$19,600 while allocated 379) \_\_\_\_\_  
 manufacturing overhead is \$18,700. What entry will close the manufacturing overhead balance?  
 A) Debit Cost of Goods Sold and credit Manufacturing Overhead for \$900  
 B) Debit Manufacturing Overhead and credit Cost of Goods Sold for \$900  
 C) Debit Manufacturing Overhead and credit Work in Process for \$900  
 D) Debit Cost of Goods Sold and credit Finished Goods Inventory for \$900

380) A company has overallocated manufacturing overhead by \$1,000. The entry to close 380) \_\_\_\_\_  
 manufacturing overhead account would be to  
 A) debit Cost of Goods Sold and credit Manufacturing Overhead for \$1,000.  
 B) debit Manufacturing Overhead and credit Work in Process for \$1,000.  
 C) debit Cost of Goods Sold and credit Finished Goods Inventory for \$10,000.  
 D) debit Manufacturing Overhead and credit Cost of Goods Sold for \$1,000.

381) Manufacturing overhead has an overallocated allocated balance of \$6,200; raw materials inventory 381) \_\_\_\_\_  
 balance is \$50,000; work in process inventory is \$30,000; finished goods inventory is \$20,000; and c  
 goods sold is \$100,000.

Which of these accounts would have an ending credit balance?

- A) Work in Process Inventory
- B) Manufacturing Overhead
- C) Cost of Goods Sold
- D) Finished Goods Inventory

Use the information below to answer the following question(s).

Here is selected data for Jenquay Corporation:

Cost of raw material purchased	\$87,000
Cost of requisitioned direct materials	46,000
Cost of requisitioned indirect materials	3,000
Direct labour	89,000
Manufacturing overhead incurred	102,000
Cost of goods completed	248,900
Cost of goods sold	163,000
Beginning raw materials inventory	19,000
Beginning work in process inventory	43,000
Beginning finished goods inventory	27,000
Manufacturing overhead allocation rate (based on direct labour)	150%

- 382) At Jenquay Corporation the journal entry to transfer completed goods to the finished goods inventory account would include a 382) \_\_\_\_\_
- A) debit to Finished Goods Inventory for \$248,900.
  - B) debit to Finished Goods Inventory for \$268,500.
  - C) credit to Work in Process Inventory for \$268,500.
  - D) debit to Work in Process Inventory for \$248,900.
- 383) At Jenquay Corporation the journal entry to close manufacturing overhead would include a 383) \_\_\_\_\_
- A) credit to Manufacturing Overhead for \$31,500.
  - B) debit to Manufacturing Overhead for \$31,500.
  - C) debit to Cost of Goods Sold for \$31,500.
  - D) credit to Work in Process Inventory for \$31,500.
- 384) At Jenquay Corporation the journal entry to close manufacturing overhead would include a 384) \_\_\_\_\_
- A) credit to Cost of Goods Sold for \$31,500.
  - B) debit to Work in Process Inventory for \$31,500.
  - C) credit to Work in Process Inventory for \$31,500.
  - D) credit to Manufacturing Overhead for \$31,500.

385) What is the appropriate journal entry if \$100,000 of materials were purchased on account for the month of August?

385) \_\_\_\_\_

- A) 

Raw Materials Inventory		100,000	
	Work in Process		100,000
- B) 

Manufacturing Overhead		100,000	
	Accounts Payable		100,000
- C) 

Raw Materials Inventory		100,000	
	Accounts Payable		100,000
- D) 

Work in Process		100,000	
	Accounts Payable		100,000

386) What is the appropriate journal entry if direct materials of \$50,000 and indirect materials of \$3,000 are sent to the manufacturing plant floor?

386) \_\_\_\_\_

- A) 

Work in Process		53,000	
	Raw Materials Inventory		53,000
- B) 

Work in Process		53,000	
Manufacturing Overhead			3,000
	Raw Materials Inventory		50,000
- C) 

Work in Process		50,000	
	Raw Materials Inventory		50,000
- D) 

Work in Process		50,000	
Manufacturing Overhead		3,000	
	Raw Materials Inventory		53,000



387) Manufacturing overhead costs incurred for the month are:

387) \_\_\_\_\_

Utilities	\$15,000
Depreciation on equipment	\$25,000
Repairs	\$10,000

Which is the correct journal entry assuming utilities and repairs were on account?

A)

Manufacturing Overhead		50,000	
	Accounts Payable		50,000

B)

Work in Process		50,000	
	Accounts Payable		25,000
	Accumulated Depreciation		25,000

C)

Work in Process		25,000	
Manufacturing Overhead		25,000	
	Accounts Payable		50,000

D)

Manufacturing Overhead		50,000	
	Accounts Payable		25,000
	Accumulated Depreciation		25,000

**SHORT ANSWER. Write the word or phrase that best completes each statement or answers the question.**

388) Paulson Enterprises uses a job costing system. Record the following transactions in Paulson Enterprises' general journal for the current month: 388) \_\_\_\_\_

- Purchased raw materials on account, \$75,000.
- Requisitioned \$44,500 of direct materials and \$7,000 of indirect materials for use in production.
- Factory payroll incurred, \$90,000; 80% direct labour, 20% indirect labour.
- Recorded depreciation expense factory equipment \$12,000, and other manufacturing overhead of \$42,100 (credit accounts payable).
- Allocated manufacturing overhead costs based on 120% of direct labour cost.
- Cost of completed production for the current month, \$142,000.
- Cost of finished goods sold, \$115,000; selling price, \$175,000 (all sales on account).

- 389) At Plastics Source, Inc., the beginning balance of the work in process inventory account in the most recent year was \$17,000. Direct materials used during April totaled \$140,000. Total manufacturing labour incurred in April was \$163,500, 80% of this amount represented direct labour. The predetermined manufacturing overhead rate is 120% of direct labour cost. Actual manufacturing overhead costs for April amounted to \$155,000. 389) \_\_\_\_\_

In April, two jobs were completed with total costs of \$102,000 and \$82,000, respectively. In the two jobs were sold on account for \$175,000 and \$127,000, respectively.

- Compute the balance in work in process inventory on April 30.
- Record the journal entry for direct materials used in April.
- Record the journal entry to record labour costs for April.
- Record the journal entry for allocated manufacturing overhead for April.
- Record the entry to move the completed jobs into finished goods inventory in April.
- Record the entry to sell the two completed jobs on account in April.

- 390) At Sound Sink, Inc., the beginning balance of the work in process inventory account in May the most recent year was \$25,500. Direct materials used during May totaled \$210,000. Total manufacturing labour incurred in May was \$245,250, 80% of this amount represented direct labour. The predetermined manufacturing overhead rate is 120% of direct labour cost. Actual manufacturing overhead costs for May amounted to \$232,500. 390) \_\_\_\_\_

In May, two jobs were completed with total costs of \$153,000 and \$123,000, respectively. In the two jobs were sold on account for \$262,500 and \$190,500, respectively.

- Compute the balance in work in process inventory on May 30.
- Record the journal entry for direct materials used in May.
- Record the journal entry to record labour costs for May.
- Record the journal entry for allocated manufacturing overhead for May.
- Record the entry to move the completed jobs into finished goods inventory in May.
- Record the entry to sell the two completed jobs on account in May.

- 391) At Multitask, Inc., the beginning balance of the work in process inventory account in June most recent year was \$20,400. Direct materials used during June totaled \$168,000. Total manufacturing labour incurred in June was \$196,200, 80% of this amount represented direct labour. The predetermined manufacturing overhead rate is 120% of direct labour cost. Actual manufacturing overhead costs for June amounted to \$148,800. 391) \_\_\_\_\_

In June, two jobs were completed with total costs of \$122,400 and \$98,400, respectively. In the two jobs were sold on account for \$210,000 and \$152,400, respectively.

- Compute the balance in work in process inventory on June 30.
- Record the journal entry for direct materials used in June.
- Record the journal entry to record labour costs for June.
- Record the journal entry for allocated manufacturing overhead for June.
- Record the entry to move the completed jobs into finished goods inventory in June.
- Record the entry to sell the two completed jobs on account in June.

392) At Inshore Inc., the beginning balance of the work in process inventory account in July of the most recent year was \$32,640. Direct materials used during July totaled \$268,800. Total manufacturing labour incurred in June was \$313,920, 80% of this amount represented direct labour. The predetermined manufacturing overhead rate is 120% of direct labour cost. Actual manufacturing overhead costs for July amounted to \$238,080. 392) \_\_\_\_\_

In July, two jobs were completed with total costs of \$195,840 and \$157,440, respectively. In the two jobs were sold on account for \$336,000 and \$238,840, respectively.

- a) Compute the balance in work in process inventory on July 31.
- b) Record the journal entry for direct materials used in July.
- c) Record the journal entry to record labour costs for July.
- d) Record the journal entry for allocated manufacturing overhead for July.
- e) Record the entry to move the completed jobs into finished goods inventory in July.
- f) Record the entry to sell the two completed jobs on account in July.

393) Jameson Enterprises uses a job costing system. Record the following transactions in Jameson Enterprises' general journal for the current month: 393) \_\_\_\_\_

- a) Purchased raw materials on account, \$112,500
- b) Requisitioned \$66,750 of direct materials and \$10,500 of indirect materials for use in production.
- c) Factory payroll incurred, \$135,000; 80% direct labour, 20% indirect labour.
- d) Recorded depreciation expense factory equipment \$18,000, and other manufacturing overhead of \$63,150 (credit accounts payable).
- e) Allocated manufacturing overhead costs based on 120% of direct labour cost.
- f) Cost of completed production for the current month, \$213,000.
- g) Cost of finished goods sold, \$172,500; selling price, \$262,500 (all sales on account).

394) Morgan Enterprises uses a job costing system. Record the following transactions in Morgan Enterprises' general journal for the current month: 394) \_\_\_\_\_

- a) Purchased raw materials on account, \$60,000.
- b) Requisitioned \$35,600 of direct materials and \$5,600 of indirect materials for use in production.
- c) Factory payroll incurred, \$72,000; 80% direct labour, 20% indirect labour.
- d) Recorded depreciation expense factory equipment \$9,600, and other manufacturing overhead of \$33,680 (credit accounts payable).
- e) Allocated manufacturing overhead costs based on 120% of direct labour cost.
- f) Cost of completed production for the current month, \$113,600.
- g) Cost of finished goods sold, \$92,000; selling price, \$140,000 (all sales on account).

- 395) Myer's Enterprises uses a job costing system. Record the following transactions in Myer's Enterprises' general journal for the current month: 395) \_\_\_\_\_
- Purchased raw materials on account, \$45,000.
  - Requisitioned \$26,700 of direct materials and \$4,200 of indirect materials for use in production.
  - Factory payroll incurred, \$54,000; 80% direct labour, 20% indirect labour.
  - Recorded depreciation expense factory equipment \$7,200, and other manufacturing overhead of \$25,260 (credit accounts payable).
  - Allocated manufacturing overhead costs based on 120% of direct labour cost.
  - Cost of completed production for the current month, \$85,200.
  - Cost of finished goods sold, \$69,000; selling price, \$105,000 (all sales on account).

- 396) Moira Company has just finished its first year of operations and must decide which method use for adjusting cost of goods sold. The company used a predetermined manufacturing overhead rate for its manufacturing operations. The amount that was allocated (\$435,000) work in process was different from the actual amount incurred (\$425,000). Following are the respective ending balances in the accounts that contained manufacturing overhead costs: 396) \_\_\_\_\_

Work-in-Process	\$40,000
Finished Goods	80,000
Cost of Goods Sold	680,000

Required:

- Prepare a journal entry to write off the difference between allocated and actual overhead directly to Cost of Goods Sold. Be sure your journal entry closes the related overhead account.
- Prepare a journal entry that prorates the write-off of the difference between allocated and actual overhead using ending account balances. Be sure your journal entry closes the related overhead accounts.

*Use the information below to answer the following questions:*

Green Corporation applies overhead based upon machine-hours. Budgeted factory overhead was \$168,000 and budgeted machine-hours were 12,000. Actual factory overhead was \$178,800 and actual machine-hours were 13,090. Before disposition of under/overallocated overhead, the following information was available:

	<u>Account Balance</u>
Direct materials	\$50,000
WIP	\$120,000
Finished goods	\$150,000
Cost of goods sold	\$330,000

- 397) Determine the budgeted factory overhead rate per machine-hour. 397) \_\_\_\_\_
- 398) Compute the over/underallocated overhead. 398) \_\_\_\_\_
- 399) Prepare the journal entry to dispose of the variance using the write-off to cost of goods sold approach. 399) \_\_\_\_\_

400) Prepare the journal entry to dispose of the variance using the proration approach. 400) \_\_\_\_\_

401) Klink Corporation applies overhead based upon machine-hours. Budgeted factory overhead was \$295,400 and budgeted machine-hours were 21,100. Actual factory overhead was \$319,800 and actual machine-hours were 18,090. Before disposition of under/overallocated overhead, the following information was available: 401) \_\_\_\_\_

	Account Balance
Direct materials	\$50,000
WIP	\$160,000
Finished goods	\$220,000
Cost of goods sold	\$510,000

Required:

- Determine the budgeted factory overhead rate per machine-hour.
- Compute the over/underallocated overhead.
- Prepare the journal entry to dispose of the variance using the write-off to cost of good sold approach.
- Prepare the journal entry to dispose of the variance using the proration approach.

**MATCHING. Choose the item in column 2 that best matches each item in column 1.**

Match the following:

402) Added purchases to raw materials inventory account A) Credit 402) \_\_\_\_\_

403) Added indirect materials to manufacturing overhead account B) Debit 403) \_\_\_\_\_

404) Requisitioned raw materials from raw materials inventory account 404) \_\_\_\_\_

405) Added direct raw materials to work in process inventory account 405) \_\_\_\_\_

406) Direct labour was incurred on a job: work in process inventory account 406) \_\_\_\_\_

- |   |           |            |
|---|-----------|------------|
| 407) Indirect labour was incurred: wages payable                        | A) Debit  | 407) _____ |
|   | B) Credit |            |
| 408) Indirect labour was added to a job: manufacturing overhead account |           | 408) _____ |
| 409) Direct labour was incurred: wages payable                          |           | 409) _____ |

**TRUE/FALSE. Write 'T' if the statement is true and 'F' if the statement is false.**

- |  |            |
|--|------------|
| 410) Service firms follow the same approach for indirect costs as manufacturing companies because they develop a predetermined indirect cost allocation rate.                            | 410) _____ |
| 411) A service firm's costs are comprised of direct materials, direct labour and manufacturing overhead.   | 411) _____ |
| 412) A labour time record is an essential component of accounting in a service firm.   | 412) _____ |
| 413) A service firm's costs are comprised of direct professional labour and indirect costs.  | 413) _____ |
| 414) Although service firms do not carry large amounts of inventory, it is still necessary to know the costs related to the different jobs.  | 414) _____ |
| 415) The most significant cost for a service firm is direct materials cost.  | 415) _____ |
| 416) The main driver of indirect costs for service firms is usually labour hours.  | 416) _____ |
| 417) When job costing is used at a service company, direct costs of serving the client are traced to the job, whereas the indirect costs of serving the client are allocated to the job. | 417) _____ |
| 418) At a service company, the indirect costs of serving the client consists of operating expenses.  | 418) _____ |
| 419) At a service company, the indirect costs of serving the client include manufacturing overhead.  | 419) _____ |
| 420) In a service type business the tracing of direct costs and allocation of indirect costs is done using general journal entries.  | 420) _____ |
| 421) In a service type business the tracing of direct costs and allocation of indirect costs is done on the client's cost record.  | 421) _____ |

**MULTIPLE CHOICE. Choose the one alternative that best completes the statement or answers the question.**

- 422) Which of the following is the most significant cost for a service company? 422) \_\_\_\_\_  
A) Manufacturing overhead B) Supplies  
C) labour D) Indirect costs
- 423) When job costing is used as a service firm, 423) \_\_\_\_\_  
A) indirect costs are allocated to client jobs. B) all costs are allocated to client jobs.  
C) direct costs are allocated to client jobs. D) indirect costs are traced to client jobs.
- 424) When job costing is used at a service firm, the bill to the client shows 424) \_\_\_\_\_  
A) the profit on the job.  
B) the billing rate and hours spent on the job.  
C) the allocation of indirect costs.  
D) actual direct cost of providing the service.
- 425) The hourly price charged to clients for professional labour is called the 425) \_\_\_\_\_  
A) salary rate. B) wage rate. C) job rate. D) billing rate.
- 426) The journal entries needed for job costing at a service company 426) \_\_\_\_\_  
A) are simpler than those needed at a manufacturing company.  
B) are virtually the same as those needed at a manufacturing company.  
C) are more complicated than those needed at a manufacturing company.  
D) include the movement of inventory.
- 427) Service firms develop a predetermined rate for some costs. What is this rate called? 427) \_\_\_\_\_  
A) Labour rate B) Indirect cost allocation rate  
C) Hourly cost rate D) Direct cost rate
- 428) An interior designer spends 30 hours working with client #140 during April. Her basic annual salary is \$60,000, while her annual salary plus benefits totals \$90,000 per year. She typically works 40 hours a week for 50 weeks each year. What is the hourly cost to the firm that employs her? 428) \_\_\_\_\_  
A) \$43 B) \$30 C) \$1,350 D) \$45
- 429) An interior designer spends 35 hours working with client #130 during May. Her basic annual salary is \$61,440, while her annual salary plus benefits totals \$80,640 per year. She typically works 40 hours a week for 48 weeks each year. What is the hourly cost to the firm that employs her? 429) \_\_\_\_\_  
A) \$1,470 B) \$39 C) \$42 D) \$32

**SHORT ANSWER. Write the word or phrase that best completes each statement or answers the question.**

430) Coopers & Stocker Consulting pays Kelly Yoster \$61,000 per year. The cost of her annual benefits is \$19,000. Kelly works 2,000 hours per year. 430) \_\_\_\_\_

- A) What is the hourly rate to Coopers & Stocker Consulting of employing Kelly Yoster?
- B) If Yoster works 25 hours for client 310, what is the direct labour cost associated with this client?

431) Carlson Computing Services expects its computer technicians will work a total of 12,000 direct labour hours during the upcoming year. Carlson's estimated total indirect costs are \$180,000. The indirect cost allocation rate is based on direct labour hours. 431) \_\_\_\_\_

- A) What is the indirect cost allocation rate?
- B) What indirect costs will be allocated to client 230, if one computer technician works 7 hours to prepare the annual report?

432) The engineering firm of Timothy & Greene uses a job costing system to accumulate client-related costs. The indirect cost allocation rate is 70% of direct labour cost. Staff engineer time is charged at a rate of \$60 per labour hour. A recent job for a client involved 25 staff labour hours by staff engineers. 432) \_\_\_\_\_

Compute the cost of the job.

433) The law firm of Lyons & Lyons uses a job costing system to accumulate client-related costs. The indirect cost allocation rate is 80% of direct labour cost. Staff time is charged at a rate of \$65 per labour hour. A recent job for a client involved 30 staff labour hours by staff lawyers. 433) \_\_\_\_\_

Compute the cost of the job.



- 434) Kiji.ca is an internet advertising agency. The firm uses a job cost system in which each client is assigned a different "job." Kiji.ca traces direct labour, software licensing costs, and travel costs directly to each client (job). The company allocates the indirect costs to jobs based on a predetermined indirect cost allocation rate based on direct labour hours. 434) \_\_\_\_\_

At the beginning of the current year, managing partner, Sylvia Long prepared a budget:

Direct labour hours (Professional)	35,000 hours
Direct labour cost (Professional)	\$3,500,000
Support staff salaries	610,000
Rent and utilities	190,000
Supplies	30,000
Lease payments on computer hardware	570,000

During February of the current year, Kiji.ca served several clients. Records for two clients appear here:

	GoneAway.com	VacationHomes.com
Direct labour hours	820 hours	64 hours
Software licensing costs	\$2,980	\$560
Travel costs	\$18,000	\$0

Requirements:

1. Compute Kiji.ca's predetermined indirect cost allocation rate for the current year based on direct labour hours.
2. Compute the total cost on each job.
3. If Kiji.ca wants to earn profits equal to 20% of total cost, then how much (what total fee) should it charge each of these clients?

- 435) Tellit.ca is an internet advertising agency. The firm uses a job cost system in which each client is assigned a different "job." Tellit.ca traces direct labour, software licensing costs, and travel costs directly to each client (job). The company allocates the indirect costs to jobs based on a predetermined indirect cost allocation rate based on direct labour hours. 435)

At the beginning of the current year, managing partner, Sylvia Long prepared a budget:

Direct labour hours (Professional)	20,000 hours
Direct labour cost (Professional)	\$2,000,000
Support staff salaries	750,000
Rent and utilities	250,000
Supplies	80,000
Lease payments on computer hardware	920,000

During February of the current year, Tellit.ca served several clients. Records for two clients appear here:

	GoneAway.com	VacationHomes.com
Direct labour hours	870 hours	107 hours
Software licensing costs	\$6,840	\$930
Travel costs	\$21,000	\$0

Requirements:

1. Compute Tellit.ca's predetermined indirect cost allocation rate for the current year based on direct labour hours.
2. Compute the total cost on each job.
3. If Tellit.ca wants to earn profits equal to 30% of total cost, then how much (what total fee) should it charge each of these clients?

- 436) Steve's Auto provides automotive repair and maintenance services. Steve charges its customers 10% over cost for any parts it uses and charges its labour out at \$95.00 per hour. This rate covers the cost of the mechanic, overhead, and provides a profit for Steve. Steve pays its mechanics \$25.00 per hour and incurs a benefit cost (Workers' Compensation Premiums, vacation pay, etc.) of an additional 24%. Shop overhead is charged to each job at \$17.50 per hour. Joe recently had the brakes replaced on his car at Steve's. Parts cost \$257.00 and the mechanic spent 3 hours working on the job. 436)

Required:

1. What was Joe charged for the job?
2. What was Steve's cost for this job?
3. How much profit did Steve's earn on this job?

Use this information for the next group of questions

Dewey Accounting is an accounting and audit firm in Vancouver. The firm treats each audit or accounting assignment as a separate job. Dewey is able to trace direct (Professional) labour and travel costs directly to each job and it allocates indirect costs based on an allocation rate computed on professional hours.

During the budget process Dewey created the following estimates.

Professional Hours	6,000
Professional Salary Costs	\$ 1,500,000
Support staff salaries	\$ 125,000
Office Rent	\$ 48,000
Office Supplies	\$ 22,000

Later that year Dewey provided services to two clients:

Client A: 135 Professional Hours, \$250.00 in travel costs

Client B: 162 Professional Hours, \$630.00 in travel costs

- 437) Calculate Dewey's predetermined indirect cost allocation rate. 437) \_\_\_\_\_
- 438) Calculate the cost of the two jobs. 438) \_\_\_\_\_
- 439) If Dewey's wants to earn a profit of 30% of cost, how much should it charge its clients for Job A and Job B? 439) \_\_\_\_\_
- 440) If Dewey's wants to earn a profit equal to 20% of sales revenue, how much should it charge its clients for Job A and Job B? 440) \_\_\_\_\_

## Answer Key

Testname: UNTITLED2

- 1) TRUE
- 2) FALSE
- 3) TRUE
- 4) FALSE
- 5) FALSE
- 6) FALSE
- 7) TRUE
- 8) FALSE
- 9) FALSE
- 10) FALSE
- 11) FALSE
- 12) A
- 13) A
- 14) A
- 15) A
- 16) C
- 17) A
- 18) B
- 19) A
- 20) D
- 21) D
- 22) B
- 23) D
- 24) B
- 25) D
- 26) A
- 27) B
- 28) B
- 29) B
- 30) A
- 31) B
- 32) A
- 33) A
- 34) A
- 35) B
- 36) A job costing system will accumulate costs for each batch or job. It is appropriate for companies that manufacture unique products or provide specialized services. Examples of companies that might use job costing include building contractors, custom furniture makers, and law firms. Other companies produce a uniform number of identical units through a series of uniform production steps or processes. These companies would use process costing. Examples would include banks, food and beverage manufacturers, and pharmaceutical companies.
- 37) TRUE
- 38) FALSE
- 39) FALSE

Answer Key

Testname: UNTITLED2

40) FALSE

41) TRUE

42) TRUE

43) TRUE

44) FALSE

45) FALSE

46) TRUE

47) TRUE

48) FALSE

49) D

50) D

51) C

52) B

53) B

54) A

55) D

56) C

57) D

58) B

59) A

60) C

61) B

62) D

63) A

64) B

65) D

66)	<u>3</u>	Finished goods inventory
	<u>1</u>	Raw materials inventory
	<u>4</u>	Cost of goods sold
	<u>2</u>	Work in process inventory

67) A

68) B

69) A

70) C

Answer Key

Testname: UNTITLED2

71)

Event	Order	Raw Materials Inventory	WIP Inventory	Finished Goods Inventory	Cost of Goods Sold
An employee cuts and drills pieces of recycled lumber	3		+		
An order is received for five tables and they are shipped	5			-	+
Ten tables are completed	4		-	+	
A truckload of recycled lumber is received	1	+			
One thousand board feet of recycled lumber is taken from the stockroom	2	-	+		

Answer Key

Testname: UNTITLED2

72)

Materials Requisition Number 1451				
Date: <u>11/21</u> Job: <u>1296</u>				
Part Number	Description	Quantity	Unit Cost	Amount
WOCD93	Rough-sawn cedar planks	30	\$ 12.00	<del>\$ 360</del>
SSF03651	Stainless steel fasteners	144	\$ 1.00	<del>\$ 144</del>
PB 245	Plastic Umbrella base	6	\$ 9.00	<del>\$ 54</del>
	<b>TOTAL</b>			<b>\$ 558</b>

Labour Time Record					
Employee : <u>Greg Johnson</u>			Week: <u>11/21 – 11/27</u>		
Hourly Wage Rate: <u>\$22</u>			Record: <u>862</u>		
Date	Job Number	Start Time	End Time	Hours	Cost
11/21	1296	8:00	12:00	<del>4</del>	<del>\$ 88</del>
11/21	1245	1:00	4:00	3	<del>\$ 66</del>
11/22 etc					

Labour Time Record					
Employee : <u>John Fergusson</u>			Week: <u>11/21 – 11/27</u>		
Hourly Wage Rate: <u>\$19</u>			Record: <u>863</u>		
Date	Job Number	Start Time	End Time	Hours	Cost
11/21	1231	9:00	12:00	3	<del>\$57</del>
11/21	1296	1:00	3:00	2	<del>\$ 38</del>
11/21	1287	3:00	5:00	2	<del>\$ 38</del>
11/22 etc					

Job Cost record	
Job Number: <u>1296</u>	
Customer: <u>Outdoor Spaces</u>	
Job Description: <u>6 Model 42R Cedar Tables</u>	
Date Started: <u>November 21</u> Date Completed: <u>November 21</u>	
Manufacturing Cost Information	Cost Summary
Direct Materials Req.#: <u>1451</u>	\$ 558
Direct Labour No.: <u>862</u> No.: <u>863</u>	\$ 88 \$ 38
Manufacturing Overhead ____ <u>6</u> ____ Hours X \$3 per direct labour hour	\$ 18
<b>Total Job Cost</b>	<b>\$ 702</b>
<b>Number of Units</b>	<b>6</b>
<b>Cost per Unit</b>	<b>\$ 117</b>

Answer Key

Testname: UNTITLED2

73)

Materials Requisition Number 1983				
Date: <u>4/18</u> Job: <u>1405</u>				
Part Number	Description	Quantity	Unit Cost	Amount
WOCD93	Rough-sawn cedar planks	25	\$ 12.00	\$ 300
SSF03651	Stainless steel fasteners	72	\$ 1.00	\$ 72
PB 245	Plastic Liner	10	\$ 9.00	\$ 90
	<b>TOTAL</b>			<b>\$ 462</b>

Labour Time Record					
Employee : <u>Greg Johnson</u>			Week: <u>4/18 – 11/27</u>		
Hourly Wage Rate: <u>\$22</u>			Record: <u>862</u>		
Date	Job Number	Start Time	End Time	Hours	Cost
4/18	1405	8:00	12:00	<b>4</b>	<b>\$ 88</b>
4/18	1445	1:00	2:00	<b>1</b>	<b>\$ 22</b>
4/18	1405	2:00	5:00	<b>3</b>	<b>\$66</b>

Labour Time Record					
Employee : <u>John Fergusson</u>			Week: <u>4/18 – 4/25</u>		
Hourly Wage Rate: <u>\$19</u>			Record: <u>863</u>		
Date	Job Number	Start Time	End Time	Hours	Cost
4/18	1432	9:00	12:00	<b>3</b>	<b>\$57</b>
4/18	1405	1:00	3:00	<b>2</b>	<b>\$ 38</b>
4/18	1468	2:00	5:00	<b>2</b>	<b>\$ 38</b>
4/19 etc					

Job Cost record	
Job Number: <u>1405</u>	
Customer: <u>Outdoor Spaces</u>	
Job Description: <u>6 Model 42R Cedar Tables</u>	
Date Started: <u>April 18</u>	Date Completed: <u>April 18</u>
Manufacturing Cost Information	Cost Summary
Direct Materials Req.#: <u>1451</u>	<b>\$ 462</b>
Direct Labour No.: <u>862</u> No.: <u>863</u>	<b>\$ 154</b> <b>\$ 38</b>
Manufacturing Overhead <u>9</u> Hours X \$4 per direct labour hour	<b>\$ 36</b>
<b>Total Job Cost</b>	<b>\$ 690</b>
<b>Number of Units</b>	<b>10</b>
<b>Cost per Unit</b>	<b>\$ 69</b>



Answer Key

Testname: UNTITLED2

74)

Materials Requisition Number 5607				
Date: 5/12				
Job: 2100				
Part Number	Description	Quantity	Unit Cost	Amount
WOCD93	Rough-sawn cedar planks	40	\$ 12.00	<del>\$ 480</del>
SSF03651	Stainless steel fasteners	144	\$ 1.00	<del>\$ 144</del>
PB 245	Plastic Liner	20	\$ 9.00	<del>\$ 180</del>
TOTAL				<del>\$ 804</del>

Labour Time Record					
Employee : <u>Greg Johnson</u>			Week: <u>5/12 – 5/19</u>		
Hourly Wage Rate: <u>\$22</u>			Record: <u>862</u>		
Date	Job Number	Start Time	End Time	Hours	Cost
5/12	2100	8:00	12:00	<del>4</del>	<del>\$ 88</del>
5/12	1445	1:00	2:00	<del>1</del>	<del>\$ 22</del>
5/12	2100	2:00	5:00	<del>3</del>	<del>\$ 66</del>

Labour Time Record					
Employee : <u>John Fergusson</u>			Week: <u>5/12 – 5/19</u>		
Hourly Wage Rate: <u>\$23</u>			Record: <u>863</u>		
Date	Job Number	Start Time	End Time	Hours	Cost
5/12	1432	9:00	12:00	<del>3</del>	<del>\$ 66</del>
5/12	2100	1:00	3:00	<del>2</del>	<del>\$ 46</del>
5/12	1468	2:00	5:00	<del>2</del>	<del>\$ 46</del>
5/13etc					

Job Cost record	
Job Number: <u>2100</u>	
Customer: <u>Outdoor Spaces</u>	
Job Description: <u>6 Model 42R Cedar Tables</u>	
Date Started: <u>May 12</u> Date Completed: <u>May 12</u>	
Manufacturing Cost Information	Cost Summary
Direct Materials Req.#: <u>1451</u>	<del>\$ 804</del>
Direct Labour No.: <u>862</u> No.: <u>863</u>	<del>\$ 154</del> <del>\$ 46</del>
Manufacturing Overhead <u>9</u> Hours X \$4 per direct labour hour	<del>\$ 36</del>
Total Job Cost	<del>\$ 1,040</del>
Number of Units	<del>20</del>
Cost per Unit	<del>\$ 52</del>

Answer Key

Testname: UNTITLED2

75)

Materials Requisition Number 5607				
Date: 6/18				
Job: 3300				
Part Number	Description	Quantity	Unit Cost	Amount
WOCD93	Rough-sawn cedar planks	55	\$ 12.00	\$ 660
SSF03651	Stainless steel fasteners	123	\$ 1.00	\$ 123
PB 245	Plastic Liner	25	\$ 9.00	\$ 225
TOTAL				\$ 1,008

Labour Time Record					
Employee : <u>Greg Johnson</u>			Week: 6/18 – 6/25		
Hourly Wage Rate: \$23			Record: 862		
Date	Job Number	Start Time	End Time	Hours	Cost
6/18	3300	8:00	11:00	3	\$ 69
6/18	1445	1:00	2:00	1	\$ 23
6/18	3300	2:00	5:00	3	\$69

Labour Time Record					
Employee : <u>John Fergusson</u>			Week: 6/18 – 6/25		
Hourly Wage Rate: \$22			Record: 863		
Date	Job Number	Start Time	End Time	Hours	Cost
6/18	3300	9:00	12:00	3	\$66
6/18	3300	1:00	3:00	2	\$ 44
6/18	1468	2:00	5:00	2	\$ 44
6/19 etc					

Job Cost record	
Job Number: 3300	
Customer: <u>Outdoor Spaces</u>	
Job Description: <u>6 Model 42R Cedar Tables</u>	
Date Started: <u>April 18</u>	
Date Completed: <u>April 18</u>	
Manufacturing Cost Information	Cost Summary
Direct Materials Req.#: 1451	\$ 1,008
Direct Labour No.: 862 No.: 863	\$ 138 \$ 110
Manufacturing Overhead 11 Hours X \$4 per direct labour hour	\$ 44
Total Job Cost	\$ 1,300
Number of Units	25
Cost per Unit	\$ 52

76) When materials are purchased, they increase raw materials inventory. As these materials are requisitioned, they are moved out of the raw materials inventory. Direct materials are moved to work in process inventory and indirect materials go to manufacturing overhead. A predetermined manufacturing overhead rate is used to allocate manufacturing overhead costs to work in process inventory. When a job is completed, the costs are moved from work in process inventory to finished goods inventory where they remain until the product is sold. At that point, the costs are transferred from finished goods inventory to cost of goods sold.

77) G

78) D

79) H

80) C

Answer Key

Testname: UNTITLED2

- 81) A
- 82) B
- 83) F
- 84) A
- 85) B
- 86) B
- 87) A
- 88) B
- 89) TRUE
- 90) FALSE
- 91) TRUE
- 92) TRUE
- 93) FALSE
- 94) FALSE
- 95) FALSE
- 96) FALSE
- 97) TRUE
- 98) FALSE
- 99) FALSE
- 100) TRUE
- 101) TRUE
- 102) TRUE
- 103) B
- 104) A
- 105) D
- 106) A
- 107) B
- 108) C
- 109) D
- 110) D
- 111) D
- 112) A
- 113) A
- 114) B
- 115) B
- 116) A
- 117) D
- 118) B
- 119) C
- 120) A
- 121) D
- 122) A

Answer Key

Testname: UNTITLED2

- 123) C
- 124) C
- 125) C
- 126) C
- 127) B
- 128) D
- 129) D
- 130) D
- 131) D
- 132) C
- 133) A
- 134) D
- 135) C
- 136) A
- 137) A
- 138) C
- 139) C
- 140) C
- 141) D
- 142) C
- 143) D
- 144) B
- 145) B
- 146) D
- 147) D
- 148) A
- 149) A
- 150) C
- 151) C
- 152) C
- 153) D
- 154) D
- 155) C
- 156) B
- 157) B
- 158) D
- 159) A
- 160) A
- 161) C
- 162) B

Answer Key

Testname: UNTITLED2

163)	Part A	
	Ending raw materials inventory	\$16,000
	Cost of direct materials requisitioned during year	\$38,500
	Cost of indirect materials requisitioned during year	\$5,700
	Cost of raw materials purchased during year	<u>\$(42,000)</u>
	Beginning raw materials inventory	\$18,200
	Part B	
	Manufacturing overhead allocated	\$60,000
	MOH % of direct labour cost	× 120%
	Direct labour cost	\$50,000
	Ending work in process inventory	\$47,300
	Cost of goods manufactured during year	\$107,000
	Cost of direct materials requisitioned during year	<u>\$(38,500)</u>
	Manufacturing overhead allocated	<u>\$(60,000)</u>
	Direct labour cost	<u>\$(50,000)</u>
	Beginning work in process inventory	\$5,800
	Part C	
	Ending finished goods inventory	\$52,000
	Cost of goods sold for year	\$75,100
	Cost of goods manufactured during year	<u>\$(107,000)</u>
	Beginning finished goods inventory	\$20,100
	Part D	
	Manufacturing overhead allocated	\$60,000
	Amount of underallocated manufacturing overhead	<u>\$3,200</u>
	Actual manufacturing overhead	\$63,200

164) Estimated Overhead / Estimated Allocation Base  
 $(\$16,000 + \$17,500 + \$9,300 + \$32,000) / 32,000 = \$2.3375 / \text{Direct Labour hour}$

165) Estimated Overhead / Estimated Allocation Base  
 $(\$16,000 + \$17,500 + \$9,300 + \$32,000) / 18,000 = \$3.38 / \text{machine hour}$

166) Estimated Overhead / Estimated Allocation Base  
 $(\$16,000 + \$17,500 + \$9,300 + \$32,000) / 18,000 = \$3.38 / \text{machine hour}$

Actual Machine Hours used  $37.5 \times \$3.38 = \$126.75$

167) Estimated Overhead / Estimated Allocation Base  
 $(\$16,000 + \$17,500 + \$9,300 + \$32,000) / 32,000 = \$2.3375 / \text{Direct Labour hour}$

Answer Key

Testname: UNTITLED2

168)	Part A	
	Estimated manufacturing overhead costs divided by	\$350,000
	Estimated direct labour cost	\$440,000
	Predetermined manufacturing overhead rate based on direct labour cost	80%
	Part B	
	Estimated manufacturing overhead costs divided by	\$350,000
	Estimated direct labour hours	250,000
	Predetermined manufacturing overhead rate based on direct labour hours	\$1.40
	Part C	
	Estimated manufacturing overhead costs divided by	\$350,000
	Estimated direct labour cost	\$440,000
	Predetermined manufacturing overhead rate based on direct labour cost	80%
	Actual direct labour cost	\$450,000
	Predetermined manufacturing overhead rate based on direct labour cost	× 80%
	Allocated manufacturing overhead costs based on direct labour cost	\$360,000
	Part D	
	Estimated manufacturing overhead costs divided by	\$350,000
	Estimated direct labour hours	250,000
	Predetermined manufacturing overhead rate based on direct labour hours	\$1.40
	Actual direct labour hours	245,000
	Predetermined manufacturing overhead rate based on direct labour hours	× \$1.40
	Allocated manufacturing overhead costs based on direct labour hours	\$343,000

Answer Key

Testname: UNTITLED2

169)	Part A	
	Actual manufacturing overhead costs for year	\$29,500
	Overallocated manufacturing overhead costs for year	\$1,500
	Allocated manufacturing overhead costs for year	\$31,000
	Part B	
	Actual manufacturing overhead costs for year	\$29,500
	Overallocated manufacturing overhead costs for year	\$1,500
	Allocated manufacturing overhead costs for year	\$31,000
	Allocated manufacturing overhead costs for year divided by	\$31,000
	Manufacturing overhead allocation rate per direct labour hour	\$2.50
	Actual number of direct labour hours worked during year	12,400

170)	Part 1 A	
	Actual manufacturing overhead costs divided by	\$30,500
	Underallocated manufacturing overhead costs	\$(2,000)
	Allocated manufacturing overhead costs	\$28,500
	Part 1 B	
	Actual manufacturing overhead costs	\$30,500
	Underallocated manufacturing overhead costs	\$(2,000)
	Allocated manufacturing overhead costs	\$28,500
	Allocated manufacturing overhead costs divided by	\$28,500
	Allocated manufacturing overhead rate based on direct labour cost	60%
	Direct labour cost	\$47,500
	Part 2 A	
	Actual manufacturing overhead costs	\$27,500
	Overallocated manufacturing overhead costs	\$1,500
	Allocated manufacturing overhead costs	\$29,000
	Part 2 B	
	Actual manufacturing overhead costs	\$27,500
	Overallocated manufacturing overhead costs	\$1,500
	Allocated manufacturing overhead costs	\$29,000
	Allocated manufacturing overhead costs divided by	\$29,000
	Allocated manufacturing overhead rate based on machine hours	\$20
	Machine hours	1,450

Answer Key

Testname: UNTITLED2

171)	Part A	
	Drilling Dept.	
	Estimated annual manufacturing overhead costs divided by	\$120,000
	Estimated annual machine hours	40,000
	Predetermined manufacturing overhead rate per machine hour	\$3.00
	Part B	
	Cutting Dept.	
	Estimated annual manufacturing overhead costs divided by	\$330,000
	Estimated annual direct labour cost	\$600,000
	Predetermined manufacturing overhead rate as % of direct labour cost	55%
	Part C	
	Drilling Dept.	
	Actual machine hours for April	2,100
	Predetermined manufacturing overhead rate per machine hour	× \$3.00
	Allocated manufacturing overhead for April	\$6,300
	Actual manufacturing overhead costs for April	\$8,000
	Allocated manufacturing overhead for April	\$(6,300)
	Amount of underallocated manufacturing overhead for April	\$1,700
	Cutting Dept.	
	Actual direct labour cost for April	\$31,000
	Predetermined manufacturing overhead rate as % of direct labour cost	× 55%
	Allocated manufacturing overhead for April	\$17,050
	Allocated manufacturing overhead for April	\$17,050
	Actual manufacturing overhead costs for April	\$(15,000)
	Amount of overallocated manufacturing overhead for April	\$2,050



Answer Key

Testname: UNTITLED2

172)

Part A	
Assembly Dept.	
Estimated annual manufacturing overhead costs divided by	\$60,000
Estimated annual machine hours	20,000
Predetermined manufacturing overhead rate per machine hour	\$3.00
Part B	
Painting Dept.	
Estimated annual manufacturing overhead costs divided by	\$165,000
Estimated annual direct labour cost	\$300,000
Predetermined manufacturing overhead rate as % of direct labour cost	55%
Part C	
Assembly Dept.	
Actual machine hours for March	1,050
Predetermined manufacturing overhead rate per machine hour	× \$3.00
Allocated manufacturing overhead for March	\$3,150
Actual manufacturing overhead costs for March	\$3,000
Allocated manufacturing overhead for March	\$(3,150)
Amount of over allocated manufacturing overhead for March	\$150
Painting Dept.	
Actual direct labour cost for March	\$15,500
Predetermined manufacturing overhead rate as % of direct labour cost	× 55%
Allocated manufacturing overhead for March	\$8,525
Allocated manufacturing overhead for March	\$8,525
Actual manufacturing overhead costs for March	\$(7,500)
Amount of over allocated manufacturing overhead for March	\$1,025

Answer Key

Testname: UNTITLED2

173)

Part A	
Machining Dept.	
Estimated annual manufacturing overhead costs divided by	\$90,000
Estimated annual machine hours	30,000
Predetermined manufacturing overhead rate per machine hour	\$3.00
Part B	
Finishing Dept.	
Estimated annual manufacturing overhead costs divided by	\$225,000
Estimated annual direct labour cost	\$450,000
Predetermined manufacturing overhead rate as % of direct labour cost	50%
Part C	
Machining Dept.	
Actual machine hours for May	1,500
Predetermined manufacturing overhead rate per machine hour	× \$3.00
Allocated manufacturing overhead for May	\$4,500
Actual manufacturing overhead costs for May	\$4,000
Allocated manufacturing overhead for May	\$(4,500)
Amount of over allocated manufacturing overhead for May	\$500

Finishing Dept.	
Actual direct labour cost for May	\$25,000
Predetermined manufacturing overhead rate as % of direct labour cost	× 50%
Allocated manufacturing overhead for May	\$12,500
Allocated manufacturing overhead for May	\$12,500
Actual manufacturing overhead costs for May	\$(12,000)
Amount of over allocated manufacturing overhead for May	\$500

Answer Key

Testname: UNTITLED2

174)	Part A	
	Machining Dept.	
	Estimated annual manufacturing overhead costs divided by	\$180,000
	Estimated annual machine hours	45,000
	Predetermined manufacturing overhead rate per machine hour	\$4.00
	Part B	
	Finishing Dept.	
	Estimated annual manufacturing overhead costs divided by	\$900,000
	Estimated annual direct labour cost	\$450,000
	Predetermined manufacturing overhead rate as % of direct labour cost	200%
	Part C	
	Machining Dept.	
	Actual machine hours for June	3,000
	Predetermined manufacturing overhead rate per machine hour	× \$4.00
	Allocated manufacturing overhead for June	\$12,000
	Actual manufacturing overhead costs for June	\$8,000
	Allocated manufacturing overhead for June	\$(12,000)
	Amount of over allocated manufacturing overhead for June	\$4,000
	Finishing Dept.	
	Actual direct labour cost for June	\$45,000
	Predetermined manufacturing overhead rate as % of direct labour cost	× 200%
	Allocated manufacturing overhead for June	\$90,000
	Actual manufacturing overhead costs for June	\$(85,000)
	Amount of over allocated manufacturing overhead for June	\$5,000

- 175) 1. Estimated manufacturing overhead \$280,000  
 Divided by expected machine hours 40,000  
 = predetermined overhead rate \$7 per machine hour
2. Actual machine hours 28,500  
 Multiplied by predetermined overhead rate × \$7  
 = Manufacturing overhead allocated \$199,500
3. Actual manufacturing overhead = 245,000 + 9,250 + 5,500 = \$259,750
4. Manufacturing overhead applied 199,500  
 Underapplied overhead 60,250

## Answer Key

Testname: UNTITLED2

- 176) 1. Estimated manufacturing overhead \$460,000  
 Divided by expected machine hours. 57,500  
 = predetermined overhead rate \$8 per machine hour
2. Actual machine hours 57,000  
 Multiplied by predetermined overhead rate . × \$8  
 = Manufacturing overhead allocated \$456,000
3. Actual manufacturing overhead = 375,000 + 12,500 + 8,500 = \$396,000  
 Manufacturing overhead applied 456,000  
 Overapplied overhead 60,000
- 177) 1. Estimated manufacturing overhead \$450,000  
 Divided by expected machine hours 75,000  
 = predetermined overhead rate \$6 per machine hour
2. Actual machine hours 74,500  
 Multiplied by predetermined overhead rate × \$6  
 = Manufacturing overhead allocated \$447,000
3. Actual manufacturing overhead = 425,000 + 15,000 + 8,500 = \$448,500  
 Manufacturing overhead applied 447,000  
 Underapplied overhead 1,500
- 178) 1. Estimated manufacturing overhead \$720,000  
 Divided by expected machine hours. 80,000  
 = predetermined overhead rate \$9 per machine hour
2. Actual machine hours 78,000  
 Multiplied by predetermined overhead rate × \$9  
 = Manufacturing overhead allocated \$702,000
3. Actual manufacturing overhead = 640,000 + 85,000 + 8,500 = \$733,500
4. Manufacturing overhead applied 702,000  
 Underapplied overhead 31,500
- 179) 1. Estimated manufacturing overhead \$510,000  
 Divided by expected direct labour cost \$850,000  
 = predetermined overhead rate 60% of direct labour cost
2. Actual direct labour cost 615,000  
 Multiplied by predetermined overhead rate × 0.60  
 = Manufacturing overhead allocated \$369,000
3. Actual manufacturing overhead = 245,000 + 9,250 + 5,500 = \$259,750
4. Manufacturing overhead applied 369,000  
 Overapplied overhead 109,250

# Answer Key

Testname: UNTITLED2

- 180) 1. Estimated manufacturing overhead \$340,000  
 Divided by expected direct labour cost \$850,000  
 = predetermined overhead rate 40% of direct labour cost
2. Actual direct labour cost 870,000  
 Multiplied by predetermined overhead rate  $\times 0.40$   
 = Manufacturing overhead allocated \$348,000
3. Actual manufacturing overhead = 290,000 + 45,000 + 10,000 = \$345,000
4. Manufacturing overhead applied 348,000  
 Overapplied overhead 3,000
- 181) 1. Estimated manufacturing overhead \$1,200,000  
 Divided by expected direct labour cost \$600,000  
 = predetermined overhead rate 200% of direct labour cost
2. Actual direct labour cost 650,000  
 Multiplied by predetermined overhead rate  $\times 200\%$   
 = Manufacturing overhead allocated \$1,300,000
3. Actual manufacturing overhead = 680,000 + 250,000 + 100,000 = \$1,030,000
4. Manufacturing overhead applied 1,300,000  
 Overapplied overhead 270,000
- 182) 1. Estimated manufacturing overhead \$900,000  
 Divided by expected direct labour cost \$600,000  
 = predetermined overhead rate 150% of direct labour cost
2. Actual direct labour cost 650,000  
 Multiplied by predetermined overhead rate  $\times 50\%$   
 = Manufacturing overhead allocated \$975,000
3. Actual manufacturing overhead = 650,000 + 200,000 + 25,000 = \$875,000
4. Manufacturing overhead applied 975,000  
 Overapplied overhead 100,000
- 183) 1. Estimated manufacturing overhead \$240,000  
 Divided by expected direct labour cost \$600,000  
 = predetermined overhead rate 40% of direct labour cost
2. Estimated manufacturing overhead \$240,000  
 Divided by expected machine hours 25,000  
 = predetermined overhead rate \$9.60 per machine hour
3. Actual direct labour cost \$920,000  
 Multiplied by predetermined overhead rate  $\times 0.40$   
 = Manufacturing overhead allocated \$368,000
4. Actual manufacturing overhead = 250,000 + 35,000 + 10,000 = \$295,000

## Answer Key

Testname: UNTITLED2

- 184) 1. Estimated manufacturing overhead \$320,000  
 Divided by expected direct labour cost \$640,000  
 = allocation rate 50% of direct labour cost
2. Estimated manufacturing overhead \$320,000  
 Divided by expected machine hours 20,000  
 = allocation rate \$16.00 per machine hour
3. Actual machine hours 20,500  
 Multiplied by predetermined overhead rate  $\times \$16$   
 = Manufacturing overhead allocated \$328,000
4. Actual manufacturing overhead = 290,000 + 55,000 + 40,000 = \$385,000
- 185) a. Total direct cost = \$75,000  $\times$  10 = \$750,000

$$\text{Total hours} = 200 \times 20 = 4,000$$

$$\text{Direct cost rate per unit} = \$750,000 / 4,000 = \$187.50 \text{ per hour}$$

$$\text{b. Indirect cost rate per unit} = 1,000,000 / 4,000 = \$250.00 \text{ per hour}$$

- 186) First, actual manufacturing overhead costs are not known until the end of year. To price and invoice jobs in a timely manner, annual manufacturing overhead costs need to be estimated and allocated to specific jobs during the accounting period. Secondly, manufacturing overhead costs are usually not incurred evenly throughout the year. The use of a manufacturing overhead cost allocation rate evenly distributes manufacturing overhead costs over the entire year.
- 187) An actual cost system is one that traces direct costs to a cost object by using the actual direct-cost rates times the actual quantities of direct-cost inputs, and allocates indirect costs based on the actual indirect cost rates times the actual quantities of the cost-allocation bases. A system that uses a predetermined overhead rate (normal cost system) is one that traces direct costs to a cost object by using the actual direct-cost rates times the actual quantities of direct-cost inputs, and allocates indirect costs based on the budgeted indirect cost rates times the actual quantities of the cost-allocation bases. Both systems trace direct costs to jobs the same way. An actual cost system traces indirect costs to jobs using actual indirect cost rates, but a normal cost system uses budgeted indirect cost rates to trace indirect costs to jobs.
- 188) FALSE
- 189) FALSE
- 190) TRUE
- 191) FALSE
- 192) TRUE
- 193) FALSE
- 194) TRUE
- 195) FALSE
- 196) FALSE
- 197) TRUE
- 198) TRUE
- 199) TRUE
- 200) FALSE
- 201) TRUE

Answer Key

Testname: UNTITLED2

- 202) C
- 203) D
- 204) A
- 205) B
- 206) B
- 207) A
- 208) C
- 209) B
- 210) C
- 211) B
- 212) D
- 213) D
- 214) C
- 215) D
- 216) B
- 217) C
- 218) C
- 219) A
- 220) C
- 221) C
- 222) B
- 223) B
- 224) C
- 225) B
- 226) C
- 227) D
- 228) D
- 229) A
- 230) C
- 231) A
- 232) D
- 233) B
- 234) A
- 235) D
- 236) D
- 237) C
- 238) B
- 239) A
- 240) C
- 241) D
- 242) B
- 243) A

Answer Key

Testname: UNTITLED2

244) D

245) D

246) C

247) D

248) B

249)

Part A	
Budgeted annual manufacturing overhead costs divided by	\$410,400
Estimated annual direct labour hours	15,200
Predetermined manufacturing overhead rate	\$27.00
Part B	
Cost of direct materials placed into production during January	\$125,000
Raw materials inventory, ending (January 31)	\$32,000
Raw materials inventory, beginning (January 1)	\$(29,500)
Amount of materials purchased during January	\$127,500
Part C - Refer to Part A answer table.	
Total direct labour hours for January	3,600
Predetermined manufacturing overhead rate	× \$27
Allocated manufacturing overhead for month of January	\$97,200
Number of direct labour hours for unfinished job	900
Predetermined manufacturing overhead rate	× \$27
Allocated manufacturing overhead for unfinished job	\$24,300
Total direct labour cost for January	\$72,000
Allocated manufacturing overhead for month of January	\$97,200
Cost of direct materials placed into production during January	\$125,000
Total direct labour charges for unfinished job	\$(18,000)
Total direct material charges for unfinished job	\$(15,700)
Allocated manufacturing overhead for unfinished job	\$(24,300)
Cost of goods manufactured for January	\$236,200
Part D - Refer to Part A answer table.	
Number of direct labour hours for unfinished job	900
Predetermined manufacturing overhead rate	× \$27
Allocated manufacturing overhead for unfinished job	\$24,300
Total direct labour charges for unfinished job	\$18,000
Allocated manufacturing overhead for unfinished job	\$24,300
Total direct material charges for unfinished job	\$15,700
	\$58,000
Part E - Refer to Part A answer table.	
Total direct labour cost for January	\$72,000



Answer Key

Testname: UNTITLED2

Total direct labour cost for January	\$72,000
Allocated manufacturing overhead for month of January	\$97,200
Cost of direct materials placed into production during January	\$125,000
Total direct labour charges for unfinished job	\$(18,000)
Total direct material charges for unfinished job	\$(15,700)
Allocated manufacturing overhead for unfinished job	\$(24,300)
Cost of goods manufactured for January	\$236,200
Finished goods inventory, beginning (January 1)	\$51,200
Cost of goods manufactured for January	\$236,200
Finished goods inventory, ending (January 31)	\$(42,300)
Cost of goods sold for January	\$245,100
Part F - Refer to Part A answer table	
Total direct labour hours for January	3,600
Predetermined manufacturing overhead rate	× \$27
Allocated manufacturing overhead for month of January	\$97,200
Actual manufacturing overhead for January	\$78,200
Allocated manufacturing overhead for month of January	\$97,200
Overallocated manufacturing overhead for January	\$19,000

250)

**SOLUTION - Part a**

Budgeted annual manufacturing overhead costs divided by	\$ 425,000
Estimated annual direct labor hours	20,000
Predetermined manufacturing overhead rate	<u>\$ 21.25</u>

**SOLUTION - Part b**

Cost of direct materials placed into production during January	\$ 129,500
Raw materials inventory, ending (January 31)	\$ 30,000
Raw materials inventory, beginning (January 1)	<u>\$ (30,900)</u>
Amount of materials purchased during January	<u>\$ 128,600</u>

Predetermined manufacturing overhead rate	\$ 21.25
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<b>SOLUTION - Part b</b>	
Cost of direct materials placed into production during January	\$ 129,500
Raw materials inventory, ending (January 31)	\$ 30,000
Raw materials inventory, beginning (January 1)	\$ (30,900)
Amount of materials purchased during January	<u>\$ 128,600</u>

<b>SOLUTION - Part c</b>	
Budgeted annual manufacturing overhead costs divided by Estimated annual direct labor hours	\$ 425,000 20,000
Predetermined manufacturing overhead rate	<u>\$ 21.25</u>

Total direct labor hours for January	4,200
Predetermined manufacturing overhead rate	\$ x 21.25
Allocated manufacturing overhead for month of January	<u>\$ 89,250</u>

Number of direct labor hours for unfinished job	1,200
Predetermined manufacturing overhead rate	\$ x 21.25
Allocated manufacturing overhead for unfinished job	<u>\$ 25,500</u>

Total direct labor cost for January	\$ 70,000
Allocated manufacturing overhead for month of January	\$ 89,250
Cost of direct materials placed into production during January	\$ 129,500
Total direct labor charges for unfinished job	\$ (22,000)
Total direct material charges for unfinished job	\$ (17,600)
Allocated manufacturing overhead for unfinished job	\$ (25,500)
Cost of goods manufactured for January	<u>\$ 223,650</u>

<b>SOLUTION - Part d</b>	
Budgeted annual manufacturing overhead costs divided by Estimated annual direct labor hours	\$ 425,000 20,000
Predetermined manufacturing overhead rate	<u>\$ 21.25</u>

Number of direct labor hours for unfinished job	1,200
Predetermined manufacturing overhead rate	\$ x 21.25
Allocated manufacturing overhead for unfinished job	<u>\$ 25,500</u>

Total direct labor charges for unfinished job	\$ 22,000
Allocated manufacturing overhead for unfinished job	\$ 25,500
Total direct material charges for unfinished job	\$ 17,600
	<u>\$ 65,100</u>

<b>SOLUTION - Part e</b>	
Budgeted annual manufacturing overhead costs divided by Estimated annual direct labor hours	\$ 425,000 20,000
Predetermined manufacturing overhead rate	<u>\$ 21.25</u>

Total direct labor cost for January	\$ 70,000
Allocated manufacturing overhead for month of January	\$ 89,250
Cost of direct materials placed into production during January	\$ 129,500
Total direct labor charges for unfinished job	\$ (22,000)
Total direct material charges for unfinished job	\$ (17,600)
Allocated manufacturing overhead for unfinished job	\$ (25,500)
Cost of goods manufactured for January	<u>\$ 223,650</u>

Finished goods inventory, beginning (January 1)	\$ 54,800
Cost of goods manufactured for January	\$ 223,650
Finished goods inventory, ending (January 31)	\$ (44,700)
Cost of goods sold for January	<u>\$ 233,750</u>

Total direct material charges for unfinished job	\$ (17,600)
Allocated manufacturing overhead for unfinished job	\$ (25,500)
Cost of goods manufactured for January	\$ 223,650
<b>Answer</b>	
Finished goods inventory, beginning (January 1)	\$ 54,800
Cost of goods manufactured for January	\$ 223,650
Finished goods inventory, ending (January 31)	\$ (44,700)
Cost of goods sold for January	\$ 233,750

**SOLUTION - Part f**

Budgeted annual manufacturing overhead costs divided by	\$ 425,000
Estimated annual direct labor hours	20,000
Predetermined manufacturing overhead rate	\$ 21.25

Total direct labor hours for January	4,200
Predetermined manufacturing overhead rate	\$ x 21.25
Allocated manufacturing overhead for month of January	\$ 89,250

Actual manufacturing overhead for January	\$ 80,500
Allocated manufacturing overhead for month of January	\$ 89,250
Overallocated manufacturing overhead for January	\$ 8,750

251) Estimated Manufacturing Overhead / Estimated Usage of Allocation Base

- a)  $\$76,500 / 8,500 = \$9.00 / \text{Direct Labour Hour}$   
b)  $\$76,500 / \$246,500 = 31.03\% \text{ of direct labour cost}$

252) Accumulated Cost of Jobs :

Job #	1059	1060
Direct Materials	\$ 3,540	\$2,420
Direct Labour	6,460	4,185
Manufacturing Overhead \$9.00 × 215 ∴ 135	1,935	1,215
Total	\$11,935	\$ 7,820

Total Ending Work in Process = \$19,755

253) Beginning WIP Inv	\$ 72,000
Direct Materials	\$ 126,000
Direct Labour	\$ 261,000
MOH (\$9 × 9,000)	\$ 81,000
Ending WIP	(\$ 19,755)
Cost of Goods Manu	\$ 520,245

254) a Actual MOH Incurred - Allocated MOH  
 $\$83,000 - (9,000 \times \$9.00) = \$2000 \text{ Under Allocated}$

b As this is not a material difference, Cost of Goods Sold should be adjusted (increased)

255) a Actual MOH Incurred - Allocated MOH  
 $\$83,000 - (\$261,000 \times 31.03\%) = \$2011.70 \text{ Under Allocated}$

b As this is not a material difference, Cost of Goods Sold should be adjusted (increased)

Answer Key

Testname: UNTITLED2

256)

Part A	
Estimated manufacturing overhead costs divided by	\$1,216,000
Estimated direct labour hours	64,000
Predetermined manufacturing overhead rate per DL hour	\$19.00
Part B	
Estimated manufacturing overhead costs divided by	\$1,216,000
Estimated direct labour hours	64,000
Predetermined manufacturing overhead rate per DL hour	\$19.00
Actual direct labour hours	70,000
Predetermined manufacturing overhead rate per DL hour	× \$19.00
Allocated manufacturing overhead for the year	\$1,330,000
Part C	
Estimated manufacturing overhead costs divided by	\$1,216,000
Estimated direct labour hours	64,000
Predetermined manufacturing overhead rate per DL hour	\$19.00
Actual direct labour hours	70,000
Predetermined manufacturing overhead rate per DL hour	× \$19.00
Allocated manufacturing overhead for the year	\$1,330,000
Actual manufacturing overhead costs	\$1,275,000
Allocated manufacturing overhead for the year	\$1,330,000
Overallocated manufacturing overhead	\$55,000

Answer Key

Testname: UNTITLED2

257)

SOLUTION - Part a	
Estimated manufacturing overhead costs divided by	\$1,275,000
Estimated direct labour hours	75,000
Predetermined manufacturing overhead rate per DL hour	\$17.00
SOLUTION - Part b	
Estimated manufacturing overhead costs divided by	\$1,275,000
Estimated direct labour hours	75,000
Predetermined manufacturing overhead rate per DL hour	\$7.00
SOLUTION - Part c	
Estimated manufacturing overhead costs divided by	\$1,275,000
Estimated direct labour hours	75,000
Predetermined manufacturing overhead rate per DL hour	\$17.00
Actual direct labour hours	82,000
Predetermined manufacturing overhead rate per DL hour	× 17.00
Allocated manufacturing overhead for the year	\$1,394,000
Actual manufacturing overhead costs	\$1,335,000
Allocated manufacturing overhead for the year	\$1,394,000
Overallocated manufacturing overhead	\$59,000

- 258) Work in Process: Increase by  $30\% \times \$50,000 = \$15,000$   
 Ending Inventory: Increase by  $20\% \times \$50,000 = \$10,000$   
 Cost of Goods Sold: Increase by  $50\% \times \$50,000 = \$25,000$
- 259) Manufacturing Overhead was Over allocated by \$30,000

Work in Process: Decrease by  $(\$100,000 / (\$100,000 + \$150,000 + \$250,000)) \times \$30,000 = \$6,000$   
 Ending Inventory: Decrease by  $(\$150,000 / \$500,000) \times \$30,000 = \$9,000$   
 Cost of Goods Sold: Decrease by  $(\$250,000 / \$500,000) \times \$30,000 = \$15,000$

- 260) 1. Budgeted Manufacturing Overhead =  $127,000 + 80,000 + 36,000 = \$243,000$   
 Budgeted machine hours 13,500  
 Predetermined overhead rate =  $243,000 / 13,500 = \$18$  per machine hour.

2.  $12,600 \text{ hours} \times \$18 \text{ per hour} = \$226,800$

3. Actual Manufacturing Overhead =  $134,000 + 86,000 + 40,000 = \$260,000$   
 Manufacturing Overhead allocated  $12,600 \times \$18 = \underline{226,800}$   
 Under allocated Manufacturing Overhead \$33,200

4. Cost of Goods Sold will be increased by \$33,600

Answer Key

Testname: UNTITLED2

- 261) B
- 262) A
- 263) B
- 264) C
- 265) A
- 266) B
- 267) B
- 268) A
- 269) TRUE
- 270) FALSE
- 271) FALSE
- 272) TRUE
- 273) TRUE
- 274) TRUE
- 275) TRUE
- 276) TRUE
- 277) TRUE
- 278) TRUE
- 279) C
- 280) A
- 281) A
- 282) B
- 283) B
- 284) A
- 285) A
- 286) A
- 287) C
- 288) A
- 289) B
- 290) A
- 291) A
- 292) B
- 293) B
- 294) A
- 295) B
- 296) A
- 297) C
- 298) B
- 299) A
- 300) C
- 301) C
- 302) B

Answer Key

Testname: UNTITLED2

303) C

304) D

305) D

306) A

307) C

308) B

309) B

310) B

311) D

312) A

313) D

314)

Part A	
Sanding Dept.	
Estimated manufacturing overhead costs divided by	\$350,000
Estimated direct labour cost	\$250,000
Predetermined manufacturing overhead rate	140%
Part B	
Finishing Dept.	
Estimated manufacturing overhead costs divided by	\$275,000
Estimated direct labour hours	50,000
Predetermined manufacturing overhead rate per direct labour hour	\$5.50

Part C	
Sanding Dept.	
Estimated manufacturing overhead costs divided by	\$350,000
Estimated direct labour cost	\$250,000
Predetermined manufacturing overhead rate	140%
Actual direct labour cost divided by	\$36,000
Predetermined manufacturing overhead rate	140%
Allocated manufacturing overhead for dept.	\$50,400
Finishing Dept.	
Estimated manufacturing overhead costs divided by	\$275,000
Estimated direct labour hours	50,000
Predetermined manufacturing overhead rate per direct labour hour	\$5.50
Actual direct labour hours	4,000
Predetermined manufacturing overhead rate per direct labour hour	× \$5.50
Allocated manufacturing overhead for dept.	\$22,000.00
Allocated manufacturing overhead by department:	
Sanding Dept.	\$50,400
Finishing Dept.	\$22,000

# Answer Key

Testname: UNTITLED2

Finishing Dept.	\$22,000
Total allocated manufacturing overhead	\$72,400

Part D — Refer to Part C answer table.	
Direct materials by department:	
Sanding Dept.	\$25,000
Finishing Dept.	\$50,000
Total direct materials	\$75,000
Direct labour by department:	
Sanding Dept.	\$36,000
Finishing Dept.	\$42,000
	\$78,000
Total costs:	
Allocated manufacturing overhead	\$72,400
Direct materials	\$75,000
Direct labour	\$78,000
Total cost for all units divided by	\$225,400
Number of units produced	400
Per unit cost (rounded)	\$563.50

315)

<b>Part a</b>	
Sanding Dept.	
Estimated manufacturing overhead costs divided by	\$ 400,000
Estimated direct labor cost	\$ 250,000
Predetermined manufacturing overhead rate	160%
<b>Part b</b>	
Finishing Dept.	
Estimated manufacturing overhead costs divided by	\$ 250,000
Estimated direct labor hours	50,000
Predetermined manufacturing overhead rate per direct labor hour	\$ 5.00
<b>Part c</b>	
Sanding Dept.	
Estimated manufacturing overhead costs divided by	\$ 400,000
Estimated direct labor cost	\$ 250,000
Predetermined manufacturing overhead rate	160%
Actual direct labor cost divided by	\$ 50,000
Predetermined manufacturing overhead rate	160%
Allocated manufacturing overhead for dept.	\$ 80,000



Answer  
Testna

Estimated manufacturing overhead costs divided by	\$ 400,000
Estimated direct labor cost	\$ 250,000
Predetermined manufacturing overhead rate	160%
Actual direct labor cost divided by	\$ 50,000
Predetermined manufacturing overhead rate	160%
Allocated manufacturing overhead for dept.	\$ 80,000
Finishing Dept.	
Estimated manufacturing overhead costs divided by	\$ 250,000
Estimated direct labor hours	50,000
Predetermined manufacturing overhead rate per direct labor hour	\$ 5.00
Actual direct labor hours	5,000
Predetermined manufacturing overhead rate per direct labor hour	\$ × 5.00
Allocated manufacturing overhead for dept.	\$ 25,000
Allocated manufacturing overhead by department:	
Sanding Dept.	\$ 80,000
Finishing Dept.	\$ 25,000
Total allocated manufacturing overhead	\$ 105,000
<b>Part d</b>	
Sanding Dept.	
Estimated manufacturing overhead costs divided by	\$ 400,000
Estimated direct labor cost	\$ 250,000
Predetermined manufacturing overhead rate	160%
Actual direct labor cost	\$ 50,000
Predetermined manufacturing overhead rate	×160%
Allocated manufacturing overhead for dept.	\$ 80,000
Finishing Dept.	
Estimated manufacturing overhead costs divided by	\$ 250,000
Estimated direct labor hours	50,000
Predetermined manufacturing overhead rate per direct labor hour	\$ 5.00
Actual direct labor hours	5,000
Predetermined manufacturing overhead rate per direct labor hour	\$ × 5.00
Allocated manufacturing overhead for dept.	\$ 25,000
Allocated manufacturing overhead by department:	
Sanding Dept.	\$ 80,000
Finishing Dept.	\$ 25,000
Total allocated manufacturing overhead	\$ 105,000
Direct materials by department:	
Sanding Dept.	\$ 90,000
Finishing Dept.	\$ 45,000
Total direct materials	\$ 135,000
Direct labor by department:	
Sanding Dept.	\$ 50,000
Finishing Dept.	\$ 40,000
	\$ 90,000

Answer  
Testna

Finishing Dept.	\$ 45,000
Total direct materials	\$ 135,000
Direct labor by department:	
Sanding Dept.	\$ 50,000
Finishing Dept.	\$ 40,000
	\$ 90,000
Total costs:	
Allocated manufacturing overhead	\$ 105,000
Direct materials	\$ 135,000
Direct labor	\$ 90,000
Total cost for all units divided by	\$ 330,000
Number of units produced	500
Per unit cost (rounded)	\$ 660.00

316)

Part A		
	Finish Date	Total Cost of Job on June 30
Job 102	July 8	\$31,700
Job 104	July 19	\$27,800
Work in process inventory, June 30		\$59,500
Part B		
	Sold Date	Total Cost of Job on June 30
Job 103	July 2	\$17,300
Finished goods inventory, June 30		\$17,300
Part C		
	Sold Date	Total Cost of Job on June 30
Job 100	June 21	\$24,500
Job 101	June 25	\$12,100
Cost of goods sold for June		\$36,600

Answer Key

Testname: UNTITLED2

317)

Part A	
Direct labour hours worked in June	600
Predetermined overhead rate based on number of direct labour hours	\$15.00
Allocated manufacturing overhead for June	\$9,000
Work in process, beginning balance	\$24,500
Direct materials requisitioned in June	\$67,500
Direct labour cost incurred in June	\$4,300
Allocated manufacturing overhead for June	\$9,000
Total cost assigned to job	\$105,300
Part B	
Direct labour hours worked in June	\$600
Predetermined overhead rate based on number of direct labour hours	\$15.00
Allocated manufacturing overhead for June	\$9,000
Allocated manufacturing overhead for June	\$9,000
Actual manufacturing overhead costs incurred in June	\$20,000
Underallocated manufacturing overhead	\$11,000

Answer Key

Testname: UNTITLED2

318)	Part A			
	Job #914			
	Direct materials:	Quantity	Cost	Total cost
	Plain white tiles	1,500	\$3	\$4,500
	Specialty paint	4	\$5	\$20
	High gloss glaze	3	\$10	\$30
	Total direct materials for job			\$4,550
	Direct labour:	Hours	Wage rate per hour	Total cost
	Sarah Goodson	10	\$25	\$250
	Micah McWhorter	5	\$15	\$75
	Total direct labour for job	15		\$325
	Manufacturing overhead:			
	Total direct labour hours for job	15		
	Predetermined manufacturing overhead rate per direct labour hour	\$12.00		
	Total allocated manufacturing overhead for job	\$180		
	Job #914			
	Total direct materials for job	\$4,550		
	Total direct labour for job	\$325		
	Total allocated manufacturing overhead for job	\$180		
	Total job cost	\$5,055		

Part B — Refer to Part A answer table.			
Number of units	1,500		
Cost per tile (rounded)	\$3.37		
Selling price per tile	\$11.00		
Cost per tile (rounded)	\$3.37		
Gross profit per tile (rounded)	\$7.63		

Answer Key

Testname: UNTITLED2

319)

Part A	
Direct labour hours worked in July	1,200
Predetermined overhead rate based on number of direct labour hours	\$15.00
Allocated manufacturing overhead for July	\$18,000
Work in process, beginning balance	\$49,000
Direct materials requisitioned in July	\$135,000
Direct labour cost incurred in July	\$8,600
Allocated manufacturing overhead for July	\$18,000
Total cost assigned to job	\$210,600
Part B	
Direct labour hours worked in July	1,200
Predetermined overhead rate based on number of direct labour hours	\$15.00
Allocated manufacturing overhead for July	\$18,000
Allocated manufacturing overhead for July	\$18,000
Actual manufacturing overhead costs incurred in July	\$40,000
Under allocated manufacturing overhead	\$22,000

Answer Key

Testname: UNTITLED2

320)

Part A			
Job #914			
Direct materials:	Quantity	Cost	Total cost
Plain white tiles	3,000	\$3	\$9,000
Specialty paint	8	\$5	\$40
High gloss glaze	6	\$10	\$60
Total direct materials for job			\$9,100
Direct labour:	Hours	Wage rate per hour	Total cost
Sarah Goodson	20	\$25	\$500
Micah McWhorter	10	\$15	\$150
Total direct labour for job	30		\$650
Manufacturing overhead:			
Total direct labour hours for job	30		
Predetermined manufacturing overhead rate per direct labour hour	\$14.00		
Total allocated manufacturing overhead for job	\$420		
Job #914			
Total direct materials for job	\$9,100		
Total direct labour for job	\$650		
Total allocated manufacturing overhead for job	\$420		
Total job cost	\$10,170		

Part B — Refer to Part A answer table			
Number of units	3,000		
Cost per tile (rounded)	\$3.39		
Selling price per tile	\$11.00		
Cost per tile (rounded)	\$3.39		
Gross profit per tile (rounded)	7.61		

321) A)

$$(240 \times \$8) + (1,800 \times \$10) + (7 \times \$28.) + (7 \times \$25) = \$20,291$$

B)

$$1,800 \text{ Kg. } / (240 \text{ Kg. } + 1,800 \text{ Kg.}) = 88\%$$

322) 1.

$$(37 \times \$10.50) + (8 \times \$17.75) + (12 \times \$12.00) + (8 \times \$32.00) + (6 \times \$29.00) + ((8 + 6) \times \$15) = \$1,314.50$$

2.

$$\$1,314.50 / 2 = \$657.25 \times 1.30 = \$854.425$$

## Answer Key

Testname: UNTITLED2

323) 1. Overhead Rate using Labour HOurs  $\$360,000 / 12,000 = \$30.00/\text{labour hour}$   
Overhead Rate using Machine Hours  $\$360,000 / 18,000 = \$20.00/\text{machine hour}$

a. Job A  $\$12,000 + \$15,000 + (300 \times \$30) = \$36,000 \times 1.3 = \$46,800$   
Job B  $\$12,000 + \$15,000 + (350 \times \$30) = \$37,500 \times 1.3 = \$48,750$

b. Job A  $\$12,000 + \$15,000 + (400 \times \$20) = \$35,000 \times 1.3 = \$45,500$   
Job B  $\$12,000 + \$15,000 + (350 \times \$20) = \$34,000 \times 1.3 = \$44,200$

324) FALSE

325) TRUE

326) TRUE

327) TRUE

328) TRUE

329) TRUE

330) FALSE

331) TRUE

332) TRUE

333) FALSE

334) A

335) A

336) D

337) A

338) A

339) A

340) B

341) B

342) A

343) A

344) C

345) A

346) C

347) D

348) D

349) A

350) C

351) D

352) A

353) A

354) A

355) C

356) B

357) B

358) D

Answer Key

Testname: UNTITLED2

- 359) A
- 360) A
- 361) C
- 362) B
- 363) C
- 364) B
- 365) D
- 366) A
- 367) B
- 368) B
- 369) A
- 370) B
- 371) A
- 372) A
- 373) A
- 374) C
- 375) B
- 376) B
- 377) A
- 378) A
- 379) A
- 380) D
- 381) B
- 382) A
- 383) B
- 384) A
- 385) C
- 386) D
- 387) D



Answer Key

Testname: UNTITLED2

388)

General Journal			
Date	Accounts	Debit	Credit
a)	Raw Materials Inventory	75,000	
	Accounts Payable		75,000
b)	Work in Process Inventory	44,500	
	Manufacturing Overhead	7,000	
	Raw Materials Inventory		51,500
c)	Work in Process Inventory	72,000	
	Manufacturing Overhead	18,000	
	Wages Payable		90,000
d)	Manufacturing Overhead	54,100	
	Accumulated Depreciation - Factory Equipment		12,000
	Accounts Payable		42,100
e)	Work in Process Inventory	86,400	
	Manufacturing Overhead		86,400
	<i>(Direct labour cost from c) × Allocation % based on direct labour cost)</i>		
f)	Finished Goods Inventory	142,000	
	Work in Process Inventory		142,000
g)	Accounts Receivable	175,000	
	Sales Revenue		175,000
	Cost of Goods Sold	115,000	
	Finished Goods Inventory		115,000

389)

Part (a)	
Total manufacturing labour incurred during April	\$163,500
Direct labour % of total manufacturing labour	80%
Direct labour for April	\$130,800
Direct labour for April	\$130,800
Predetermined manufacturing overhead rate based on % of direct labour cost	120%
Allocated manufacturing overhead for April	\$156,960
Work in process inventory, beginning (April 1)	\$17,000
Direct materials used during April	\$140,000
Direct labour for April	\$130,800
Allocated manufacturing overhead for April	\$156,960
Job 1 in April– total cost	\$(102,000)
Job 2 in April– total cost	\$(82,000)
Work in process inventory, ending (April 30)	\$260,760

General Journal

Date	Accounts	Debit	Credit
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Answer Key

Testname: UNTITLED2

Date	Accounts	Debit	Credit
b)	Work in Process Inventory	140,000	
	Raw Materials Inventory		140,000
c)	Work in Process Inventory	130,800	
	Manufacturing Overhead	32,700	
	Wages Payable		163,500
d)	Work in Process Inventory	156,960	
	Manufacturing Overhead		156,960
	(Direct labour cost from c) × Allocation % based on direct labour cost)		
e)	Finished Goods Inventory	184,000	
	Work in Process Inventory		184,000
	(Total cost of both jobs from April)		
f)	Accounts Receivable 175,000 + 127,000	302,000	
	Sales Revenue		302,000
	(Total sales revenue received from sale of both jobs in April)		
	Cost of Goods Sold 102,000 82,000	184,000	
	Finished Goods Inventory		184,000
	(Total cost of both jobs from April)		

390)

Part (a)	
Total manufacturing labour incurred during May	\$245,500
Direct labour % of total manufacturing labour	80%
Direct labour for May	\$196,200
Direct labour for May	\$196,200
Predetermined manufacturing overhead rate based on % of direct labour cost	120%
Allocated manufacturing overhead for May	\$235,440
Work in process inventory, beginning (May 1)	\$25,500
Direct materials used during May	\$210,000
Direct labour for May	\$196,200
Allocated manufacturing overhead for May	\$235,440
Job 1 in May-- total cost	\$(153,000)
Job 2 in May-- total cost	\$(123,000)
Work in process inventory, ending (May 31)	\$391,140

	General Journal		
Date	Accounts	Debit	Credit
b)	Work in Process Inventory	210,000	
	Raw Materials Inventory		210,000
c)	Work in Process Inventory	196,200	
	Manufacturing Overhead	49,300	
	Wages Payable		245,500
d)	Work in Process Inventory	235,440	

Answer Key

Testname: UNTITLED2

d)	Work in Process Inventory	235,440	
	Manufacturing Overhead		235,440
	(Direct labour cost from c) × Allocation % based on direct labour cost)		
e)	Finished Goods Inventory	276,000	
	Work in Process Inventory		276,000
	(Total cost of both jobs from May)		
f)	Accounts Receivable 262,500 + 190,500	453,000	
	Sales Revenue		453,000
	(Total sales revenue received from sale of both jobs in May)		
	Cost of Goods Sold 153,000 123,000	276,000	
	Finished Goods Inventory		276,000
	(Total cost of both jobs from May)		

391)

Part (a)	
Total manufacturing labour incurred during June	\$196,200
Direct labour % of total manufacturing labour	80%
Direct labour for June	\$156,960
Direct labour for June	\$156,960
Predetermined manufacturing overhead rate based on % of direct labour cost	120%
Allocated manufacturing overhead for June	\$188,352
Work in process inventory, beginning (June 1)	\$20,400
Direct materials used during June	\$168,000
Direct labour for June	\$156,960
Allocated manufacturing overhead for June	\$188,352
Job 1 in June-- total cost	\$(122,400)
Job 2 in June-- total cost	\$(98,400)
Work in process inventory, ending (June 30)	\$312,912

	General Journal		
Date	Accounts	Debit	Credit
b)	Work in Process Inventory	168,000	
	Raw Materials Inventory		168,000
c)	Work in Process Inventory	156,960	
	Manufacturing Overhead	39,240	
	Wages Payable		196,200
d)	Work in Process Inventory	188,352	
	Manufacturing Overhead		188,352
	(Direct labour cost from c) × Allocation % based on direct labour cost)		
e)	Finished Goods Inventory	220,800	
	Work in Process Inventory		220,800
	(Total cost of both jobs from June)		

Answer Key

Testname: UNTITLED2

	(Total cost of both jobs from June)		
f)	Accounts Receivable 210,000 + 152,400	362,400	
	Sales Revenue		362,400
	(Total sales revenue received from sale of both jobs in June)		
	Cost of Goods Sold 122,400 98,400	220,800	
	Finished Goods Inventory		220,800
	(Total cost of both jobs from June)		

392)

Part (a)	
Total manufacturing labour incurred during July	\$313,920
Direct labour % of total manufacturing labour	80%
Direct labour for July	\$251,136
Direct labour for July	\$251,136
Predetermined manufacturing overhead rate based on % of direct labour cost	120%
Allocated manufacturing overhead for July	\$301,363
Work in process inventory, beginning (July 1)	\$32,640
Direct materials used during July	\$268,800
Direct labour for July	\$251,136
Allocated manufacturing overhead for July	\$301,363
Job 1 in July-- total cost	\$(195,840)
Job 2 in July-- total cost	\$(157,440)
Work in process inventory, ending (July 31)	\$500,659

	General Journal		
Date	Accounts	Debit	Credit
b)	Work in Process Inventory	268,800	
	Raw Materials Inventory		268,800
c)	Work in Process Inventory	251,136	
	Manufacturing Overhead	62,784	
	Wages Payable		313,920
d)	Work in Process Inventory	301,363	
	Manufacturing Overhead		301,363
	(Direct labour cost from c) × Allocation % based on direct labour cost)		
e)	Finished Goods Inventory	353,280	
	Work in Process Inventory		353,280
	(Total cost of both jobs from July)		
f)	Accounts Receivable 336,000 + 238,840	578,840	
	Sales Revenue		574,840
	(Total sales revenue received from sale of both jobs in July)		
	Cost of Goods Sold 195,840 157,440	353,280	
	Finished Goods Inventory		353,280

Answer Key

Testname: UNTITLED2

	Finished Goods Inventory		353,280
	(Total cost of both jobs from July)		

393)

	General Journal		
Date	Accounts	Debit	Credit
a)	Raw Materials Inventory	112,500	
	Accounts Payable		112,500
b)	Work in Process Inventory	66,750	
	Manufacturing Overhead	10,500	
	Raw Materials Inventory		77,250
c)	Work in Process Inventory	108,000	
	Manufacturing Overhead	27,000	
	Wages Payable		135,000
d)	Manufacturing Overhead	81,150	
	Accumulated Depreciation — Factory Equipment		18,000
	Accounts Payable		63,150
e)	Work in Process Inventory	129,600	
	Manufacturing Overhead		129,600
	<i>(Direct labour cost from c) × Allocation % based on direct labour cost)</i>		
f)	Finished Goods Inventory	213,000	
	Work in Process Inventory		213,000
g)	Accounts Receivable	262,500	
	Sales Revenue		262,500
	Cost of Goods Sold	172,500	
	Finished Goods Inventory		172,500

Answer Key

Testname: UNTITLED2

394)

	General Journal		
Date	Accounts	Debit	Credit
a)	Raw Materials Inventory	60,000	
	Accounts Payable		60,000
b)	Work in Process Inventory	35,600	
	Manufacturing Overhead	5,600	
	Raw Materials Inventory		41,200
c)	Work in Process Inventory	\$57,600	
	Manufacturing Overhead	\$14,400	
	Wages Payable		\$72,000
d)	Manufacturing Overhead	\$43,280	
	Accumulated Depreciation — Factory Equipment		\$9,600
	Accounts Payable		\$33,680
e)	Work in Process Inventory	\$69,120	
	Manufacturing Overhead		\$69,120
	<i>(Direct labour cost from c) × Allocation % based on direct labour cost)</i>		
f)	Finished Goods Inventory	\$113,600	
	Work in Process Inventory		\$113,600
g)	Accounts Receivable	\$140,000	
	Sales Revenue		\$140,000
	Cost of Goods Sold	\$92,000	
	Finished Goods Inventory		\$92,000

Answer Key

Testname: UNTITLED2

395)

General Journal			
Date	Accounts	Debit	Credit
a)	Raw Materials Inventory	45,000	
	Accounts Payable		45,000
b)	Work in Process Inventory	26,700	
	Manufacturing Overhead	4,200	
	Raw Materials Inventory		30,900
c)	Work in Process Inventory	43,200	
	Manufacturing Overhead	10,800	
	Wages Payable		54,000
d)	Manufacturing Overhead	32,450	
	Accumulated Depreciation — Factory Equipment		\$7,200
	Accounts Payable		25,250
e)	Work in Process Inventory	51,840	
	Manufacturing Overhead		51,840
	<i>(Direct labour cost from c) × Allocation % based on direct labour cost)</i>		
f)	Finished Goods Inventory	85,200	
	Work in Process Inventory		85,200
g)	Accounts Receivable	105,000	
	Sales Revenue		105,000
	Cost of Goods Sold	69,000	
	Finished Goods Inventory		69,000

396) a.

Manufacturing Overhead	10,000	
Cost of Goods Sold		10,000

b.

Work-in-process	\$40,000	5 %	× \$10,000	= \$500
Finished goods	80,000	10	× \$10,000	= 1,000
Cost of goods sold	<u>680,000</u>	<u>85</u>	× \$10,000	= <u>8,500</u>
Total	<u>\$800,000</u>	<u>100 %</u>		<u>\$10,000</u>

Manufacturing Overhead	10,000	
Work-in-Process		500
Finished Goods		1,000
Cost of Goods Sold		8,500

397)  $\$168,000 / 12.000 = \$14.00 / \text{machine hour}$

398)  $\$168,000 / 12.000 = \$14.00 / \text{machine hour}$

Allocated =  $\$14.00 \times 13,090 = \$183,260$

Actual =  $\$178,800$

OVER ALLOCATED =  $\$4,460$

# Answer Key

Testname: UNTITLED2

399) Manufacturing Overhead Allocated	183,260	
Cost of Goods Sold		4,460
Manufacturing Overhead Control		178,800

400)  $\$120,000 + \$150,000 + \$33,000 = \$600,000$

Cost of Goods Sold:

$$(330/600) \times \$4,460 = \$2,453$$

WIP:

$$(120/600) \times \$4,460 = \$892$$

Finished Goods:

$$(150/600) \times \$4,460 = \$1,115$$

Manufacturing Overhead	4,460	
Cost of Goods Sold		2,453
WIP Inventory		892
Finished Goods Inventory		1,115

401) a.  $\$295,400/21,100 \text{ hrs.} = \$14.00 \text{ per hour}$

b.  $\$14.00 \times 18,090 \text{ hours} = \$253,260 - 319,800 = 66,540 \text{ underallocated overhead}$

c. Manufacturing Overhead Allocated	253,260	
Cost of Goods Sold	66,540	
Manufacturing Overhead Control		319,800

d.  $\$160,000 + \$220,000 + \$510,000 = \$890,000$

Cost of Goods Sold:

$$(510/890) \times \$66,540 = \$38,130$$

WIP:

$$(160/890) \times \$66,540 = \$11,962$$

Finished Goods:

$$(220/890) \times \$66,540 = \$16,448$$

Cost of Goods Sold	38,130	
WIP Inventory	11,962	
Finished Goods Inventory	16,448	
Manufacturing Overhead		66,540

402) B

403) B

404) A

405) B

406) B

407) B



# Answer Key

Testname: UNTITLED2

- 408) A
- 409) B
- 410) TRUE
- 411) FALSE
- 412) TRUE
- 413) TRUE
- 414) TRUE
- 415) FALSE
- 416) TRUE
- 417) TRUE
- 418) TRUE
- 419) FALSE
- 420) FALSE
- 421) TRUE
- 422) C
- 423) A
- 424) B
- 425) D
- 426) A
- 427) B
- 428) D
- 429) C
- 430)

Part A	
Annual salary	\$61,000
Cost of annual benefits	\$19,000
Total salary and benefits divided by	\$80,000
Hours worked per year	2,000
Hourly cost of employee	40
Part B	
Hours worked on client	25
Hourly cost of employee	× \$40
Direct labour cost associated with client	\$1,000

Answer Key

Testname: UNTITLED2

431)

Part A:	
Estimated total indirect costs divided by	\$180,000
Expected direct labour hours	12,000
Indirect cost allocation rate	\$15
Part B:	
Indirect cost allocation rate	\$15
Hours worked on job	× 7
Indirect costs allocated to client	\$105

432)

Staff engineer rate per hour	\$60
Number of staff hours on recent job	× 25
Staff labour costs	\$1,500
Staff labour costs	\$1,500
Indirect cost allocation rate % of direct labour cost	× 70%
Total indirect cost allocation	\$1,050
Staff labour costs	\$1,500
Total indirect cost allocation	\$1,050
Total costs of the job	\$2,550

433)

SOLUTION:	
Staff engineer rate per hour	\$65
Number of staff hours on recent job	× 30.
Staff labour costs	\$1,950
Staff labour costs	\$1,950
Indirect cost allocation rate % of direct labour cost	× 80%
Total indirect cost allocation	\$1,560
Staff labour costs	\$1,950
Total indirect cost allocation	\$1,560
Total costs of the job	<u>\$3,510</u>

## Answer Key

Testname: UNTITLED2

434) 1. Total budgeted indirect costs =  $\$610,000 + 190,000 + 30,000 + 570,000 = \$1,400,000$   
Cost allocation rate  $1,400,000/35,000 = \$40/\text{direct labour hour}$

2. GoneAway.com:  
 $\$2,980 + 18,000 + (820 \text{ hours} \times \$40/\text{dlh}) = \$53,780$   
VacationHomes.com:  
 $\$560 + (64 \text{ hours} \times \$40/\text{dlh}) = \$3,120$

3. GoneAway.com:  
 $\$53,780 \times 1.2 = \$64,536$   
VacationHomes.com:  
 $\$3,120 \times 1.2 = \$3,744$

435) 1. Total budgeted indirect costs =  $\$750,000 + 250,000 + 80,000 + 920,000 = \$2,000,000$   
Cost allocation rate  $2,000,000/20,000 = \$100/\text{direct labour hour}$

2. GoneAway.com:  
 $\$6,840 + 21,000 + (870 \text{ hours} \times \$100/\text{dlh}) = \$114,840$   
VacationHomes.com:  
 $\$930 + (107 \text{ hours} \times \$100/\text{dlh}) = \$11,630$

3. GoneAway.com:  
 $\$114,840 \times 1.3 = \$149,292$   
VacationHomes.com:  
 $\$11,630 \times 1.3 = \$15,119$

436) 1. Parts Charge -  $\$257.00 \times 1.10 = \$282.70$  + Labour  $\$95.00 \times 3 \text{ hours} = \$567.70$

2. Parts  $\$257.00$  + (Labour  $\$25.00$  + Benefits  $(\$25.00 \times 24\%)$   $\$6.00$  + Overhead  $\$17.50$ )  $\times 3 \text{ hours}$   
 $\$402.50$

3.  $\$567.70 - \$402.50 = \$165.20$

437)  $(\$125,000 + \$48,000 + \$22,000) / 6000 = \$32.50$

438) Professional Hourly Rate =  $\$1,500,000 / 6000 = \$250.00$   
Indirect Cost allocation rate =  $(\$125,000 + \$48,000 + \$22,000) / 6000 = \$32.50$

Job A:  $135 \text{ hours} \times (\$250.00 + \$32.50) + \$250.00 = \$38,387.50$

Job B:  $162 \text{ hours} \times (\$250.00 + \$32.50) + \$630.00 = \$46,395.00$

439) Professional Hourly Rate =  $\$1,500,000 / 6000 = \$250.00$   
Indirect Cost allocation rate =  $(\$125,000 + \$48,000 + \$22,000) / 6000 = \$32.50$

Job A:  $135 \text{ hours} \times (\$250.00 + \$32.50) + \$250.00 = \$38,387.50 \times 1.30 = \$49,903.75$

Job B:  $162 \text{ hours} \times (\$250.00 + \$32.50) + \$630.00 = \$46,395.00 \times 1.30 = \$60,313.50$

440) Professional Hourly Rate =  $\$1,500,000 / 6000 = \$250.00$   
Indirect Cost allocation rate =  $(\$125,000 + \$48,000 + \$22,000) / 6000 = \$32.50$

Job A:  $135 \text{ hours} \times (\$250.00 + \$32.50) + \$250.00 = \$38,387.50$

Job B:  $162 \text{ hours} \times (\$250.00 + \$32.50) + \$630.00 = \$46,395.00$

Cost + Profit = Selling Price  
 $80\% + 20\% = 100\%$

Job A  $\$38,387.50 / 80\% = \$47,984.38$

Job B  $\$46,395.00 / 80\% = \$57,993.75$