

## Lanen 3e, Chapter 7: Job Costing Practice Quiz

90. A manufacturing company employs job costing to account for its costs. There are three production departments, and separate departmental overhead application rates are employed because the operations of the departments are so different. All jobs generally pass through all three production departments. Data regarding the hourly direct labor rates, overhead application rates, and three jobs on which work was done during the month appear below. Job 101 and Job 102 were completed during the current month. (CIA Examination adapted)

<u>Production Departments</u>	<u>Direct Labor Rate</u>	<u>Manufacturing overhead application rates</u>
Department 1	\$12.00	50% of direct materials
Department 2	\$18.00	\$8.00 per machine hour
Department 3	\$15.00	75% of direct labor cost

	<u>Job 101</u>	<u>Job 102</u>	<u>Job 103</u>
Beginning Work-in-Process	\$25,500	\$32,400	\$ -0-
Direct materials:			
Department 1	\$40,000	\$26,000	\$58,000
Department 2	\$ 3,000	\$ 5,000	\$14,000
Department 3	\$ -0-	\$ -0-	\$ -0-
Direct labor hours:			
Department 1	500	400	300
Department 2	200	250	350
Department 3	1,500	1,800	2,500
Machine hours:			
Department 1	-0-	-0-	-0-
Department 2	1,200	1,500	2,700
Department 3	1,500	1,800	2,500

Required:

- (a) Compute the completed costs of Job 101 and Job 102.
- (b) Compute the value of the Work-in-Process Inventory at the end of the month.

91. Baby Care Manufacturing Company is a manufacturer of furnishings for infants and children. The company uses job costing and employs a full absorption accounting method for cost accumulation. Baby Care's Work-in-Process Inventory on April 30 consisted of the following jobs:

<u>Job No.</u>	<u>Items</u>	<u>Units</u>	<u>Accumulated Cost</u>
CBS102	Cribs	20,000	\$ 900,000
PLP086	Playpens	15,000	420,000
DRS114	Dressers	25,000	250,000
Total			<u>\$ 1,570,000</u>

Baby Care applies manufacturing overhead on the basis of direct labor hours. The company's estimated manufacturing overhead for the period ending May 31 totals \$4,500,000; the company estimated it would use 600,000 direct labor hours during the month.

At the end of April, the balance in Baby Care's Materials Inventory, which includes both materials and purchased parts, was \$668,000. Additions to, and requisitions from, the materials inventory during the month of May included the following:

	<u>Materials</u>	<u>Purchased Parts</u>
Purchased	\$242,000	\$396,000
Requisitions:		
Job CBS102	51,000	104,000
Job PLP086	3,000	10,800
Job DRS114	124,000	87,000
Job STR077		
(10,000 strollers)	62,000	81,000
Job CRG096		
(5,000 carriages)	65,000	187,000

During the month of May, Baby Care's factory payroll

consisted of the following:

	<u>Hours</u>	<u>Cost</u>
Job CBS102	12,000	\$122,400
Job PLP086	4,400	43,200
Job DRS114	19,500	200,500
Job STR077	3,500	30,000
Job CRG096	14,000	138,000
Indirect supervision		57,600
Total		<u>\$591,700</u>

Listed below are the jobs that were completed and the units that were sold during the month of May.

<u>Job No.</u>	<u>Items</u>	<u>Quantity Completed</u>
CBS102	Cribs	20,000
PLP086	Playpens	15,000
STR077	Strollers	10,000
CRG096	Carriages	5,000

Required:

- Compute the value of Baby Care's Work-in-Process Inventory on May 31.
- Compute the value of Baby Care's Cost of Goods Manufactured for May.

94. Danner Corporation applies overhead based upon machine-hours. Budgeted factory overhead was \$375,000 and budgeted machine-hours were 12,500. Actual factory overhead was \$387,920 and actual machine-hours were 13,150.

Required:

- a. Compute the overhead application rate.
- b. Compute the amount of overhead applied to production.
- c. Determine the amount of over- or underapplied overhead.

95. The following selected data were taken from the books of the Bixby Box Company. The company uses job costing to account for manufacturing costs. The data relate to June operations.

A) Materials and supplies were requisitioned from the stores clerk as follows:

Job 405, material X, \$7,000.

Job 406, material X, \$3,000; material Y, \$6,000.

Job 407, material X, \$7,000; material Y, \$3,200.

For general factory use: materials A, B, and C, \$2,300.

B) Time tickets for the month were chargeable as follows:

Job 405	\$11,000	300 hrs
Job 406	14,000	360 hrs
Job 407	8,000	190 hrs
Indirect labor	3,700	

C) Other information:

Beginning work-in-process, June 1, \$-0-

Factory paychecks for \$36,700 were issued during the month.

Various factory overhead charges of \$19,400 were incurred on account.

Depreciation of factory equipment for the month was \$5,400.

Factory overhead was applied to jobs at the rate of \$35.00 per direct labor hour.

Job orders completed during the month: Job 405 and Job 406.

Selling and administrative costs were \$2,100.

Factory overhead is closed out only at the end of the year.

Required:

(a) Determine the ending work-in-process balance on June 30.

(b) Determine the cost of goods manufactured for June.

(c) Is factory overhead over- or underapplied for June? What is the monthly value?