

TB Problem Qu. 3-240 (Static) Prahm Incorporated has provided the following data for August:

Prahm Incorporated has provided the following data for August:

Raw materials, beginning balance	\$19,000 ✓
Work in process, beginning balance	\$33,000 ✓
Finished Goods, beginning balance	\$52,000 ✓

Transactions:

(1) Raw materials purchases	\$ 67,000 ✓
(2) Raw materials used in production (all direct materials)	\$ 78,000 ✓
(3) Direct labor	\$ 77,000 ✓
(4) Manufacturing overhead costs incurred (actual)	\$ 64,000 ✓
(5) Manufacturing overhead applied	\$ 71,000 ✓
(6) Cost of units completed and transferred from Work in Process to Finished Goods	\$255,000 ✓
(7) Any overapplied or underapplied manufacturing overhead is closed to Cost of Goods Sold	?
(8) Finished goods are sold	\$294,000 ✓

Required:

Complete the following T-accounts by recording the beginning balances and each of the transactions listed above.

(000)

Raw Materials	
Debit	Credit
BB 19	
purchased 67	78 used
EB 8	

Finished Goods	
Debit	Credit
BB 52	
255 CGM	294 CGS

Work in Process	
Debit	Credit
BB 33	
DM 78	
DL 77	
MoH 71	
	255 CGM

Manufacturing Overhead	
Debit	Credit
Actual 64	Applied 71
	7 overapplied

Cost of Goods Sold	
Debit	Credit
294	
	7
287 Adj. CGS	

Raw Materials			
Debit		Credit	
Balance	19,000	(2)	78,000
(1)	67,000		
Balance	8,000		

Finished Goods			
Debit		Credit	
Balance	52,000	(8)	294,000
(6)	255,000		
Balance	13,000		

Work in Process			
Debit		Credit	
Balance	33,000	(6)	255,000
(2)	78,000		
(3)	77,000		
(5)	71,000		
Balance	4,000		

Manufacturing Overhead			
Debit		Credit	
(4)	64,000	(5)	71,000
(7)	7,000		7,000
Balance	0		

Cost of Goods Sold			
Debit		Credit	
(8)	294,000	(7)	7,000
	287,000		

References

Essay Difficulty: 2 Medium

Learning Objective: 03-04 Compute underapplied or overapplied overhead cost and prepare the journal entry to close the balance in Manufacturing Overhead to the appropriate accounts.

TB Problem Qu. 3-240 (Static) Prahm Incorporated has provided the...

Learning Objective: 03-02 Use T-accounts to show the flow of costs in a job-order costing system.

TB Problem Qu. 3-251 (Static) Bledsoe Corporation has...

Bledsoe Corporation has provided the following data for the month of November:

Inventories:	Beginning	Ending
Raw materials	\$25,000	\$21,000
Work in process	\$17,000	\$10,000
Finished Goods	\$48,000	\$56,000

Additional information:

Raw materials purchases	\$72,000
Direct labor cost	\$92,000
Manufacturing overhead cost incurred	\$42,000
Indirect materials included in manufacturing overhead cost incurred	\$4,000
Manufacturing overhead cost applied to Work in Process	\$41,000

Any underapplied or overapplied manufacturing overhead is closed out to cost of goods sold.

Required:

Prepare a Schedule of Cost of Goods Manufactured and a Schedule of Cost of Goods Sold.

(000)

	RM	DL	M/OH
			Actual Applied
	25		42 41
	72	92	
	21		

	WIP	FG	CGS
DM	17	48	204
DL	92		204
M/OH applied	41		(adj) 1
	10	56	205

	DM	DL	M/OH applied	Total Mfg Cost	End WIP	CGM
DM	17					
Beg RM	25					
+ Purch	72					
RM avail	97					
- DM used	72					
- IM used	(4)					
End DM	21					
DL		92				
M/OH applied		41				
Total Mfg Cost		222				
End WIP		(10)				
CGM		212				

	Beg FG	CGM	End FG	CGS	+ Underapplied MOH	Adj CGS
Beg FG	48					
CGM		212				
End FG	(56)					
CGS		204				
+ Underapplied MOH					1	
Adj CGS					205	

Cost of Goods Manufactured:

Beginning work in process inventory		\$ 17,000
Direct materials:		
Beginning materials inventory	\$25,000	
Add: Purchases of raw materials	<u>72,000</u>	
Raw materials available for use	97,000	
Deduct: Ending raw materials inventory	<u>21,000</u>	
Raw materials used in production	76,000	
Less: Indirect materials included in manufacturing overhead incurred	<u>4,000</u>	72,000
Direct labor		92,000
Manufacturing overhead applied to work in process		<u>41,000</u>
Total manufacturing costs added to production		<u>205,000</u>
Total manufacturing costs to account for		222,000
Deduct: Ending work in process inventory		<u>10,000</u>
Cost of goods manufactured		<u><u>\$212,000</u></u>

Cost of Goods Sold

Beginning finished goods inventory	\$ 48,000
Add: Cost of goods manufactured	<u>212,000</u>
Cost of goods available for sale	260,000
Deduct: Ending finished goods inventory	<u>56,000</u>
Unadjusted cost of goods sold	204,000
Add: Underapplied overhead	<u>1,000</u>
Adjusted cost of goods sold	<u><u>\$205,000</u></u>

References

Essay Difficulty: 2_Medium

Learning Objective: 03-04 Compute underapplied or overapplied overhead cost and prepare the journal entry to close the balance in Manufacturing Overhead to the appropriate accounts.

TB Problem Qu. 3-251 (Static) Bledsoe Corporation has...

Learning Objective: 03-03 Prepare schedules of cost of goods manufactured and cost of goods sold and an income statement.