

Acct 505 mid term



**ASSIGN
BUSTER**

1. | Question :| (TCO F) Assume there is no beginning work in process inventory and the ending work in process inventory is 100% complete with respect to materials costs. The number of equivalent units with respect to materials costs under the weighted-average method is: | Student Answer: The same as the number of units put into production. | 2. | Question :| (TCO F) Process costing would be appropriate for each of the following except:| Student Answer: custom furniture manufacturing. | 3. | Question :| (TCO F) Which of the following accounts is debited when direct labor is recorded? Student Answer: Work in process | | 4. | Question :| (TCO F) During December at Ingrim Corporation, \$74, 000 of raw materials were requisitioned from the storeroom for use in production. These raw materials included both direct and indirect materials. The indirect materials totaled \$6, 000. The journal entry to record the requisition from the storeroom would include a:| Answer: | debit to Work in Process of \$68, 000. | 5. | Question :| (TCO F) Valles Corporation had \$22, 000 of raw materials on hand on February 1. During the month, the company purchased an additional \$75, 000 of raw materials. The journal entry to record the purchase of raw materials would include a:| | Answer: debit to Raw Materials of \$75, 000. | | 6. | Question :| Emeril's Utensils has collected the following production data for the past four months:

Units produced	Total cost
7, 000	\$16, 500
10, 000	22, 500
8, 500	17, 750
9, 000	21, 000

If the high-low method is used, what is the monthly total cost equation? | | | Student Answer:| | Total cost = \$2, 500 + (\$2. 00 * units produced | || 1. | Question :| (TCO F) Whether a company uses process costing or job-order costing depends on its industry.

A number of companies in different industries are listed below: i. Brick manufacturer ii. Contract printer that produces posters, books, and pamphlets to order iii. Natural gas production company iv. Dairy farm v. Coal mining company vi. Specialty coffee roaster (roasts small batches of specialty coffee beans) For each company, indicate whether the company is most likely to use job-order costing or process costing. | | | Student Answer:|

| 1. Process Costing 2. Job-order costing 3. Process costing 4. job-order costing 5. process costing 6. job order costing | | Instructor Explanation:| i.

Brick manufacturer | Process Costing| ii. Contract printer that produces posters, books, and pamphlets to order | Job Order Costing| iii. Natural gas production company | Process Costing| iv. Dairy farm | Process Costing| v. Coal mining company| Process Costing| vi. Specialty coffee roaster (roasts small batches of specialty coffee beans)| Job Order Costing| | | | Points

Received:| 13 of 15 | | Comments:| | | 2. | Question :| (TCO F) Job 827 was recently completed. The following data have been recorded on its job cost sheet: Direct materials| \$61, 050| Direct labor hours| 1, 332 labor hours|

Direct labor wage rate| \$14 per labor-hour| Machine Hours| 1, 480 machine hours| Number of units completed| 3, 700 units| The company applies manufacturing overhead on the basis of machine-hours. The predetermined overhead rate is \$13 per machine-hour. Compute the unit product cost that would appear on the job cost sheet for this job. | | | Student Answer:| | Direct

material \$61, 050. 00 Direct labor cost \$18, 648 (\$14 x 1332 hours) Manufacturing overhead \$19240 (predetermined over head rate \$13x 1480) Total = \$98, 938/3700 units = \$26. 4 unit product cost | | Instructor

Explanation:| Direct materials| \$61, 050| Direct labor (\$14 per DLH, 1, 332

DLHs) | 18, 648| Manufacturing Overhead (\$13 per MH, 1, 480 MHs)| 19, 240|
 Total Cost| \$98, 938| Unit Product Cost| \$26. 74| | | | Points Received:| 15 of
 15 | | Comments:| | | | 3. | Question :| (TCO F) Miller Company manufactures
 a product for which materials are added at the beginning of the
 manufacturing process. A review of the company's inventory and cost
 records for the most recently completed year revealed the following
 information: | Units | Materials |

Conversion| Work in process. Jan. 1 (80% complete with respect to
 conversion costs)| 100, 000| \$100, 000 | \$157, 500 | Units started into
 production| 500, 000| | | Costs added during the year:| | | | Materials | | \$650,
 000 | | Conversion | | | \$997, 500 | Units completed during the year | 450,
 000| | | The company uses the weighted-average cost method in its process
 costing system. The ending inventory is 50% complete with respect to
 conversion costs. Required: i. Compute the equivalent units of production
 and the cost per equivalent units for materials and for conversion costs. i.
 Determine the cost transferred to finished goods. iii. Determine the amount
 of cost that should be assigned to the ending work in process inventory. | | |

Student Answer:| | 1. $100,000 + 500,000 = 600,000 \times 80\% = 480,000$
 equivalent units of production. 1b: Cost per equivalent units Materials = \$1.
 56 1c: conversion cost= \$2. 41 2. Cost of transfered goods: $\$748,800 +$
 $\$1156800.00 = \$1,905,600.00$ 3. $100,000 \times 80\% = 80,000$ units @ \$1.
 56; $40,000$ units @ \$2. 41 = $96,400 = \$221,200$ | | Instructor Explanation:| |

| | | Points Received:| 10 of 15 | | Comments:| | | | 4. Question :| (TCO F)
 Hunsicker Corporation has provided the following data for the month of
 January: Inventories| | Beginning| Ending| | Raw materials| \$30, 000 | \$33,

000 | | Work In process| \$20, 000 | \$18, 000 | | Finished goods| \$52, 000 |
 \$60, 000 | Additional Information| | | Raw material purchases| \$63, 000 | |
 Direct labor costs| \$92, 000 | | Manufacturing overhead cost incurred| \$75,
 000 | | Indirect materials included in manufacturing overhead costs incurred|
 \$6, 000 | | Manufacturing overhead cost applied to work in process| \$69, 000
 | Prepare a Schedule of Cost of Goods Manufactured and a Schedule of Cost
 of Goods Sold in good form. | | Student Answer:| | Direct Material Raw
 Material Inventory, beginning \$30, 000 add: Purchases of raw materials \$63,
 000 Total Raw Material available \$83, 000 Deduct: Raw Material inventory
 end \$33, 000 Raw Material used in production \$50, 000 Deduct: indirect
 Material included in Manufacturing overhead \$6, 000 \$44, 000 Direct Labor
 \$92, 000 Manufacturing overhead cost applied to work in process \$69, 000
 Total Manufacturing cost \$205, 000 Add; Beginning work in process \$20, 000
 \$225, 000 Deduct: Ending work in process \$18, 000 Cost of goods
 manufactured \$207, 000 Cost of Goods Sold Finished goods Inventory,
 Beginning \$52, 000 Add: Cost of goods manufactured \$207, 000 Cost of
 goods available for sale \$259, 000 Deduct: Finished goods inventory, ending
 \$60, 000 unadjusted cost of goods sold \$199, 000 | | Instructor Explanation:|
 | Hunsicker Corporation| | | Schedule of Cost of Goods Manufactured| | |
 January XXX| | | | | | | | Direct materials:| | | | | Raw materials inventory,
 beginning| | | \$30, 000 | | Raw material purchases| | | 63, 000| | Total raw
 materials available| | | \$93, 000 | | Raw materials inventory, ending| | | 33,
 000| | Raw materials used in production| | | \$60, 000 | | Indirect materials
 included in manufacturing overhead costs incurred| | | 6, 000| \$54, 000 |
 Direct labor| | | | 92, 000|

Manufacturing overhead applied to work in process | | | | 69, 000 | Total
 manufacturing costs | | | | \$215, 000 | Beginning work in process inventory | |
 | | | 20, 000 | | | | \$235, 000 | Ending work in process inventory | | | | 18,
 000 | Cost of goods manufactured | | | | \$217, 000 | | | | | | Hunsicker
 Corporation | | | Cost of Goods Sold | | | | January XXX | | | Finished goods
 inventory, beginning | | | \$52, 000 | | Add cost of goods manufactured | | |
 \$217, 000 | | Cost of goods available for sale | | | \$269, 000 | | Deduct:
 finished goods inventory, ending | | | 60, 000 | | Unadjusted cost of goods
 sold | | | 209, 000 | | Add Underapplied overhead | | | 6, 000 | | Adjusted cost
 of goods sold | | | 215, 000 | | | | | | | |