

Managerial accounting

Profession, Manager



Chapter 3 Solutions, 3rd day Exercise 3-13 (15 minutes) 1. | Actual manufacturing overhead costs| | \$? 48, 000| | Manufacturing overhead applied: 10, 000 MH ? \$5 per MH| | 50, 000| | Overapplied overhead cost| | \$?? 2, 000| | | | 2. | Direct materials:| | | | Raw materials inventory, beginning| \$? 8, 000| | | Add: Purchases of raw materials| 32, 000| | | Raw materials available for use| 40, 000| | | Deduct: Raw materials inventory, ending| 7, 000| | | Raw materials used in production| | \$? 33, 000| | Direct labor| | 40, 000| | Manufacturing overhead cost applied to work in process| | 50, 000| | Total manufacturing cost| | 123, 000| Add: Work in process, beginning| | 6, 000| | | 129, 000| | Deduct: Work in process, ending| | 7, 500| | Cost of goods manufactured| | \$121, 500| | | | Problem 3-24 (60 minutes) 1. a. b. | Actual manufacturing overhead costs:| | | Insurance, factory| \$ 7, 000| | Depreciation of equipment| 18, 000| | Indirect labor| 42, 000| | Property taxes| 9, 000| | Maintenance| 11, 000| | Rent, building| 36, 000| | Total actual costs| 123, 000| | Applied manufacturing overhead costs: \$80, 000 ? 150%| 120, 000| | Underapplied overhead| \$? 3, 000| | | | 2.

Pacific Manufacturing Company

Schedule of Cost of Goods Manufactured| Direct materials:| | | Raw materials inventory, beginning| \$ 21, 000| | Add: Purchases of raw materials| 133, 000| | Total raw materials available| 154, 000| | Deduct: Raw materials inventory, ending| 16, 000| | Raw materials used in production| | \$138, 000| Direct labor| | 80, 000| Manufacturing overhead applied to work in process| | 120, 000| Total manufacturing cost| | 338, 000| Add: Work in process, beginning| | 44, 000| | | 382, 000| Deduct: Work in process, ending| | 40, 000| Cost of goods manufactured| | \$342, 000| | | | Problem 3-24 (continued)

3. Unadjusted cost of goods sold: | | Finished goods inventory, beginning |
 \$ 68, 000 | | Add: Cost of goods manufactured | 342, 000 | | Cost of goods
 available for sale | 410, 000 | | Deduct: Finished goods inventory, ending |
 60, 000 | | Unadjusted cost of goods sold | \$350, 000 | | | The underapplied
 overhead may be closed directly to Cost of Goods Sold or allocated among
 Work in Process, Finished Goods, and Cost of Goods Sold in proportion to the
 overhead applied during the year in the ending balance of each of these
 accounts. 4. | Direct materials | \$ 3, 200 | | Direct labor | 4, 200 | | Overhead
 applied (150% ? 4, 200) | 6, 300 | | Total manufacturing cost | \$13, 700 | | |
 \$13, 700 ? 140% = \$19, 180 price to customer. 5. The amount of overhead
 cost in Work in Process was: \$8, 000 direct labor cost ? 150% = \$12, 000 The
 amount of direct materials cost in Work in Process was: Total ending work in
 process | | \$40, 000 | Deduct: | | | Direct labor | \$? 8, 000 | | Manufacturing
 overhead | 12, 000 | 20, 000 | Direct materials | | \$20, 000 | | | The completed
 schedule of costs in Work in Process was: Direct materials | \$20, 000 | Direct
 labor | 8, 000 | Manufacturing overhead | 12, 000 | Work in process inventory |
 \$40, 000 | | |