

# [Accounting calculations](https://assignbuster.com/accounting-calculations/)

[Finance](https://assignbuster.com/essay-subjects/finance/)

Accounting Calculations Wireless and Remote connectivity Challenge – Sanford QUESTION 1. Compute the company’s predetermined overhead rate
(a) -Pre -Determined overhead rate
Fixed Manufacturing Overhead
106, 250. 00
Basis of Allocation -Machine Hrs
85, 000. 00
1. 25
Variable Manufacturing Overhead
0. 75
Predetermined Overhead Rate
2. 00
Question 2: Calculation of Overhead Costs
Manufacturing Overhead
Utilities
14, 000. 00
Budgeted Overhead
160, 000. 00
Insurance
9, 000. 00
Maintainance
33, 000. 00
Indirect Materials
7, 000. 00
Indirect Labour
65, 000. 00
Depreciation
40, 000. 00
Under –Applied overheads
8000
168, 000. 00
168, 000. 00
Work -In -Progress
Direct Material
530, 000. 00
Cost of goods sold
783, 000. 00
Direct Labour
85, 000. 00
Overheads
160, 000. 00
Under -Allocated Overheads
8, 000. 00
783, 000. 00
783, 000. 00
3. Computation of the Underapplied or Overapplied Overhead for the Year
Under- applied (Over -Applied) indirect costs = Actual indirect costs incurred - Indirect costs allocated
Actual Manufacturing Overhead
168, 000. 00
Budgeted Manufacturing Overhead
160, 000. 00
Under (Over) Applied Overheads
8, 000. 00
4. Why the manufacturing overhead of the company was underapplied/ overapplied for the year
The manufacturing overhead was under applied by $8000. This was particularly because the actual costs exceed the budgeted overhead (Ross, 2013).
QUESTION 2
Solutions
Equivalent Units
Physical Units
Direct Materials
Conversion Costs
Opening WIP (Pounds)
70, 000. 00
Started in May (Pounds)
350, 000. 00
Total Units to Account For (Pounds)
420, 000. 00
Completed and Transferred Out (Pounds)
380, 000. 00
380, 000. 00
380, 000. 00
Ending WIP
40, 000. 00
30, 000. 00
10, 000. 00
Equivalent Units
420, 000. 00
410, 000. 00
390, 000. 00
Costs to Account For
Work In Progress ($$)
122, 000. 00
86, 000. 00
36, 000. 00
Added During May ($$)
645, 000. 00
447, 000. 00
198, 000. 00
767, 000. 00
533, 000. 00
234, 000. 00
Costs Incurred to Date ($$)
533, 000. 00
234, 000. 00
Equivalent Units
410, 000. 00
390, 000. 00
Cost/Equivalent Unit ($$)
1. 30
0. 60
Cost Assignment
Completed and Transferred Out ($$)
722000
494000
228000
Ending WIP ($$)
45000
39000
6000
Total Costs to Account For ($$)
767, 000. 00
533, 000. 00
234, 000. 00
References
Ross, S. A. (2013). Fundamentals of Corporate Finance (10th ed.). New York, NY: McGraw-Hill Irwin.