

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

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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.