

## Quiz – Chapter 4B

Use the following to answer questions 1-4:

The Uinta Company has two service departments and two operating departments. The following data are available from last year:

	<i>Service Depts.</i>		<i>Operating Depts.</i>	
	<i>1</i>	<i>2</i>	<i>X</i>	<i>Y</i>
Departmental costs .....	\$63,000	\$42,000	\$200,000	\$100,000
Number of transactions .	10,000	12,000	14,000	16,000
Square feet occupied .....	2,000	1,000	3,000	2,000

The costs of service departments 1 and 2 are allocated on the basis of number of transactions and square feet occupied respectively. No distinction is made between fixed and variable costs.

1. Assuming that Uinta allocates service department costs by the direct method, the total overhead costs allocated from Department 1 to Department X are:  
A) \$18,000.  
B) \$25,200.  
C) \$42,000.  
D) \$29,400.
2. Assuming that Uinta allocates service department costs by the direct method, the total overhead costs allocated from Department 2 to Department Y are:  
A) \$22,400.  
B) \$16,800.  
C) \$42,000.  
D) \$14,000.
3. Assume that Uinta allocates service department costs by the step method, starting with Department 1. The total overhead costs allocated from Department 1 to Department Y are:  
A) \$12,115.  
B) \$21,000.  
C) \$24,000.  
D) \$33,600.
4. Assume that Uinta allocates service department costs by the step method, starting with Department 1. The total overhead costs allocated from Department 2 to Department Y are:  
A) \$18,000.  
B) \$24,000.  
C) \$21,000.  
D) \$25,200.

THE FOLLOWING INFORMATION APPLIES TO THE QUESTION 5 BELOW.

Alfred, owner of Hi-Tech Fiberglass Fabricators Inc. is interested in using the reciprocal allocation method. The following data from operations were collected for analysis:

*Budgeted manufacturing overhead costs:*

Plant Maintenance	PM (Support Dept)	\$350,000
Data Processing	DP (Support Dept)	\$75,000
Machining	M (Operating Dept)	\$225,000
Capping	C (Operating Dept)	\$125,000

*Services furnished:*

By Plant Maintenance (budgeted labor-hours):

to Data Processing	3,500
to Machining	5,000
to Capping	8,200

By Data Processing (budgeted computer time):

to Plant Maintenance	600
to Machining	3,500
to Capping	600

5. What is the complete reciprocated cost of the Plant Maintenance Department?
- A \$393,750
  - B \$369,459
  - C \$365,000
  - D \$375,773