

~~Midterm Exam 1~~
Homework #2
Due April 15th

Introduction to Managerial Accounting

January 23, 2014

V1

NAME. _____

Graduate Teaching Fellow. _____

Question 1-6: Circle your answer

1. The costs of direct materials are classified as:

	Conversion cost	Manufacturing cost	Prime cost
A)	Yes	Yes	Yes
B)	No	No	No
C)	Yes	Yes	No
D)	No	Yes	Yes

- A. A
- B. B
- C. C
- D. D

2. Transportation costs incurred by a manufacturing company to ship its product to its customers would be classified as which of the following?

- A. Product cost
- B. Manufacturing overhead
- C. Period cost
- D. Administrative cost

3. In August direct labor was 60% of conversion cost. If the manufacturing overhead for the month was \$54,000 and the direct materials cost was \$34,000, the direct labor cost was:

- A. \$36,000
- B. \$22,667
- C. \$51,000
- D. \$81,000

4. Actual manufacturing overhead costs are traced to specific jobs.

True False

5. The inventory of finished goods on hand at the end of a period is considered an asset, but inventories of raw materials and work-in-process are not considered assets until production is completed.

True False

6. The cost of shipping parts from a supplier is considered a product cost.

True False

7. Sandler Corporation bases its predetermined overhead rate on the estimated machine-hours for the upcoming year. Data for the upcoming year appear below:

Estimated machine-hours	73,000	
Estimated variable manufacturing overhead.....	\$3.49	per machine-hour
Estimated total fixed manufacturing overhead.....	\$838,770	

Required:

Compute the company's predetermined overhead rate.

8. Dina Corp. uses a job order cost accounting system. Four jobs were started during the current year. The following is a record of the costs incurred:

<u>Job #</u>	<u>Material Used</u>	<u>Direct Labor Used</u>	<u>Direct Labor Hours Used</u>
1010	\$45,000	\$72,000	8,000
1011	59,000	77,000	7,000
1012	35,000	30,000	3,000
1013	26,000	40,000	5,000

Actual overhead costs were \$55,800. The predetermined overhead allocation rate is \$2.40 per direct labor hour. During the year, Jobs 1010, 1012, and 1013 were completed. Also, Jobs 1010 and 1013 were sold for \$387,000. Assuming that this is Dina's first year of operations:

A. Calculate the balance in the Goods in Process Inventory, Finished Goods Inventory, and Cost of Goods Sold accounts.

B. Does the Factory Overhead account balance indicate an over- or underapplication of overhead? Prepare the entry to close this out assuming the amount is not material.