Solutions Manual for Managerial Accounting 10th Edition by Crosson

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CH	CHAPTER 16—Solutions					
CO	COSTING SYSTEMS: JOB ORDER COSTING					
Discu	ssion Questions					
DQ1.	The accounting concept of cost measurement focuses on determining the amount					
	of the cost. The accounting concept of cost recognition determines when a cost					
	should be recorded. And, the matching concept compares revenues with the costs					
	that were required to generate them.					
DQ2.	Job order costing recognizes production costs for specific jobs: process costing					
	first traces these costs to processes, departments, or work cells and then assigns					
	costs to products. Job order costing measures cost for each completed unit while					
	process costing measures cost in terms of units completed during a specific period.					
	Job order costing uses a single Work in Process Inventory account to summarize					
	the cost of all jobs in process while process costing uses many Work in Process					
	Inventory accounts, one for each process, department, or work cell. Job order					
	costing is used by companies making special or unique products or services while					
	process costing is used by companies making similar or identical products or in					
	long production runs.					
DQ3.	The matching rule tracks or matches costs against the revenues they generate each					
	period. Costs flow into and out of the inventory accounts adhering to this rule.					
	Direct Materials. When direct materials arrive, the cost of the items increases the					
	Materials Inventory account. Following a materials request, the items requested are					
	issued to the production departments. Direct materials costs then decrease the Ma-					
	terials Inventory account and increase the Work in Process Inventory account. In					
	addition, the costs of the requested materials decrease the appropriate accounts					
	in the materials subsidiary ledger and increase the appropriate job order cost cards.					
	Direct Labor, When incurred, direct labor costs increase the Work in Process Inven-					
	tory account and, at the same time, increase the appropriate job order cost cards.					
	Overhead. An estimated amount of overhead increases the Work in Process Inven-					
	tory as work is done. The completed cost of goods produced decrease Work in Proc-					
	ess Inventory and increase Finished Goods Inventory. When goods are sold, their					
	costs are matched against the revenues generated. Cost of Goods Sold increases					
	and Finished Goods decreases.					
	Estimated and actual overhead costs are recognized and measured using the four					
JQ4.	steps. The four-step process involves planning an estimated rate at which overhead					
	costs will be assigned to products or services, assigning overhead costs at this pre-					
	determined rate to products or services during production. measuring actual over-					
	head costs as they are incurred, and reconciling the difference between the actual					
	and applied overhead costs.					

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Discus	ssion Questions (Concluded)
DQ5.	When managers plan, information about costs helps them develop budgets, estab-
	lish prices, set sales goals, plan production volumes, estimate product or service
	unit costs, and determine human resource needs. Daily, managers use cost infor-
	mation to make decisions about controlling costs, managing the company's volume
	of activity, ensuring quality, and negotiating prices. When managers evaluate results,
	they analyze actual and targeted information to evaluate performance and make
	any necessary adjustments to their planning and decision-making strategies. When
	managers communicate with stakeholders, they use unit costs to determine inventory
	balances and the cost of goods or services sold for the financial statements. They also
	analyze internal reports that compare the organization's measures of actual and tar-
	geted performance to determine whether cost goals for products or services are being
	achieved.

-							
Sho	ort Exercises						
SE1	. Job Order Versus Proces	s Cos	ting S	Systems			
a.	process	d.	job	order			
b.	job order	e.	proc	cess			
c.	process	f.	job	order			
SE2	. Transactions in a Manufa	acturer	's Jo	b Order Cos	ting S	ystem	
a.	Dr. Materials Inventory, C	r. Acco	ounts	Payable			
b.	Dr. Work in Process Inver	ntory, C	Cr. Pa	ayroll Payab	le		
c.	Dr. Work in Process Inver	ntory, C	Cr. Ma	aterials Inve	ntory		
d.	Dr. Work in Process Inver	ntory, (Cr. O۱	verhead			
SE3	. Transactions in a Manufa	octurer	's Jo	b Order Cos	ting S	ystem	
	Work in Process						
	Inventory	C			Overhead		
(a)	34,000		(a) 18.000 (b) 76.080				
(b)	76,080			I			
				Payroll	Payak	ole	
					(a)	52,000	
				I		L.	
SE4	. Accounts for Job Order (Costin	g				
1.	Dr. Work in Process Inventory, Cr. Materials Inventory						
2.	Dr. Work in Process Inventory, Cr. Payroll Payable						
3.	Dr. Materials Inventory, C	r. Acco	ounts	Payable			
4.	Dr. Overhead, Cr. Accoun	ts Pay	able	,			
5.	Dr. Work in Process Inver	tory, (Cr. Ov	verhead			
6.	Dr. Finished Goods Inven	tory, C	r. Wo	ork in Proces	ss Inve	entory	
P							

SE	E5. Job Order Cost Car	d					
					Job Order:	16	
		JOB	ORDER COST	r card			
		Cu	ustom Compu	iters			
		Ko	wloon, Hong	Kong			
	Customer:	L. Kim	Batch:		Custom:	X	
	Specifications:	5 Computer Sys	tems				
	Date of Order:	4/4/2014		Date o	of Completion:	6/8/2014	
		Previous	Current	Cost			
	Costs Charged to Job		Months	Month	Summary		
	Direct materials		\$ 540	\$ 820	\$1,360		
	Direct labor		340	620	960		
	Overhead applied		880	550	1,430		
	Totals		\$1,760	\$1,990	\$3,750		
	Units completed		1		÷ 5		
	Product unit cost				<u>\$ 750</u>		
SE	E6. Job Order Costing	in a Service Orgar	nization				
•	Dr. Accounts Possiv	able Cr Boyenus	e from Landa	coning Sonvi	200		
a. h	Dr. Work in Process	Inventory Cr Ac	counts Pavab	Laping Servic	.69		
р. С.	Dr. Work in Process	Inventory, Cr. Ca	sh				
d.	Dr. Work in Process	Inventory, Cr. Ca	sh				

E7. Job Order C	osting with Cost-Plus Con	tracts			
				Job Order:	A7
	JOB O	RDER COST	r card	1	
	Dore	mus Tax Se	ervice		
	Puya	Illup, Washir	ngton		
Customer:	Arthur Farnsworth	Batch:		Custom:	X
Specifications:	Annual Individual Tax Ref	turn			
Date of Order:	3/24/2014		Date o	f Completion:	4/8/2014
			Previous	Current	Total
Costs Charged t	o Job		Months	Month	Cost
Client interview:					
Supplies			\$ 10	\$ —	\$ 10
Labor			50	60	110
Overhead (40% of interview labor c	;osts)	20	24	44
Totals			<u>\$ 80</u>	<u>\$ 84</u>	<u>\$164</u>
Preparation of r	eturn:				
Supplies			\$ —	\$ 16	\$ 16
Computer tir	ne			12	12
Labor				240	240
Overhead (50% of preparation labo	r costs)		120	120
Totals			<u>\$ —</u>	<u>\$388</u>	<u>\$388</u>
Delivery:					
Postage			\$ —	\$ 8	\$8
Totals			<u>\$ —</u>	<u>\$ 8</u>	<u>\$8</u>
			Total		
Cost Summary t	o Date		Cost		
Client interview			\$164	1	
Preparation of re	eturn		388		
Delivery			8		
Total			\$560		
Profit margin (20% of total cost)		112		
Job revenue			\$672		

SE8. Calculation of Underapplied or Overapplied Overhead	
Applied overhead	\$27,000
Less actual overhead	25,870
Overapplied	<u>\$ 1,130</u>

Since the overapplied amount is immaterial (less than 5% of actual overhead), the Cost of Goods Sold account should be decreased by \$1,130 to adjust the balance to reflect actual overhead costs.

SE9. Computation of Overhead Rate

Predetermined Overhead		Тс	Total Estimated Overhead Costs	
Rate per Service Request	= -	То	tal Estimated Servi	ce Requests
	= =		\$18,290	
		3,100	service requests	
	=	\$5.90	per service reque	st

SE10. Allocation of Overhead to Production

Ove	rhead costs applied:	
	\$	4 per direct labor hour
	×1,20	0 direct labor hours
	<u>\$4,80</u>	<u>o</u>
SE1	1. Uses of Unit Cost Information	
a.	yes	

	J
b.	yes
c.	yes

Exercises: Set A

E1A. Product Costing

a.	yes	f.	no		
b.	no	g.	no		
c.	yes	h.	no		
d.	yes	i.	yes		
e.	yes	j.	yes		

E2A. Costing Systems: Industry Linkage

a.	process	e.	job order		
b.	process	f.	process		
C.	job order	g.	process		
d.	job order	h.	process		

E3A. Costing Systems: Industry Linkage

a.	process	e.	process			
b.	job order	f.	process			
c.	process	g.	job order			
d.	job order	h.	job order			

E4A. Job Order Cost Flow

The cost flow of each of the three product cost elements and the Work in Process Inventory account can be described as follows:

Direct Materials. When direct materials arrive, the cost of the items is debited to the Materials Inventory account. Following a materials request, the items requested are issued to the production departments. Direct materials costs are then transferred from the Materials Inventory account to the Work in Process Inventory account. In addition, the costs of the requested materials are subtracted from the appropriate accounts in the materials subsidiary ledger and added to the appropriate job order cost cards.

Direct Labor. When incurred, direct labor costs are charged to the Work in Process Inventory account and, at the same time, to the appropriate job order cost cards.

Overhead. All overhead costs, including indirect materials and indirect labor, are charged to the Overhead account.

Overhead is applied to production using a predetermined overhead rate. Overhead applied is debited to the Work in Process Inventory account and credited to the Overhead account. Job order cost cards are updated at the same time to reflect overhead charges.

Work in Process Inventory. All product costs flow through the Work in Process Inventory account and, at the same time, are accumulated on job order cost cards. When an order is completed, its total cost (as reflected on the job order cost card) is transferred from the Work in Process Inventory account to the Finished Goods Inventory account. The job order cost card is completed, pulled from the Work in Process Inventory subsidiary ledger, and used to update the Finished Goods Inventory subsidiary ledger.

E5A. Work	in Process I	nventory: T	Account Analy	sis			
1.							
	Materials	Inventory		W	ork in Proc	ess Invent	ory
Beg. bal.	40,000	(a)	28,800	Beg. bal.	9,000		
(c)	8,400	(c)	8,400	(a)	28,800		
				(b)	8,000		
				(d)	9,600		
	Over	head			Payroll	Payable	
(b)	2,600	(d)*	9,600			(b)	10,600
(c)	8,400						
	Accounts	Payable					
		(c)	8,400				
*\$8,000 × 12 2.	20% = \$9,600)					
Work in Pro	ocess Invent	ory accour	it:				
Beginning I	balance, Jul	y 1					\$ 9,000
Debits duri	ng July:						
Direct r	naterials						28,800
Direct I	abor						8,000
Overhe	ad						9,600
							\$55,400
Less transf	ers to Finish	ned Goods	Inventory				45,000
Ending bala	ance, July 31	1					\$10,400

EEA T Account Analysis utith	o anno a fa f						
EOA. I ACCOUNT ANAIYSIS WILL							
	JUNE				JUL	~	
Σ	laterials Inver	Itory			Materials In	ventory	
(a) Beg. bal.	2,939	Requests:		(e) Beg. bal.	3,014	Requests:	
Purchases	5,100	Direct materials	5,025	Purchases	6,216	(g) Direct materials	6,602
End. bal.	3,014			End. bal.	2,628		
Work	t in Process Ir	iventory		Ň	ork in Proces	is Inventory	
Beg. bal.	8,605	(c) Completed	15,701	(f) Beg. bal.	8,639	Completed	21,861
Direct materials	5,025			(g) Direct materials	6,602		
Direct labor	4,760			Direct labor	5,540		
(b) Overhead	5,950 *			(h) Overhead	6,925 **		
(d) End. bal.	8,639			(j) End. bal.	5,845		
Finis	shed Goods Ir	iventory		Ē	nished Good	s Inventory	
Beg. bal.	7,764	Cost of goods sold	16,805	Beg. bal.	6,660	(i) Cost of goods sold	25,006
(c) Completed during period	15,701			Completed during period	21,861		
End. bal.	6,660			End. bal.	3,515		
* \$4,760 × 125% = \$5,950							
** \$5,540 × 125% = \$6,925							

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E7A. T Account Analysis with Un	knowns				
		_			
	Materia	ils I	nv	entory	
Beg. bal.	142,000			Used	256,000
(a) Purchases	164,000				
End. bal.	50,000				
	Work in Pr	oce	SS	Inventory	
Beg. bal.	66,000			(c) Completed during period	924,400
Direct materials	256,000				
Direct labor	390,000				
(b) Overhead applied	351,000	*			
End. bal.	138,600				
	Finished G	900	ds	Inventory	
Beg. bal.	129,000			Cost of goods sold	953,400
(c) Completed during period	924,400				
(d) End. bal.	100,000				
*\$390,000 × 90% = \$351,000					

E8A. Job O	rder Costing	: T Account A	nalysis				
1. and 2.							
	Materials	Inventory		W	ork in Proc	ess Inventory	
6/1	300	6/4	290	6/4	250	6/16	2,050
6/2	50			6/15	1,000		
				6/15	800		
End. bal.	60			End. bal.	_		
	Finished Goo	ods Inventory			Over	head	
6/16	2,050	6/20	1,460	6/4	40	6/15	800*
End. bal.	590			6/10	350	6/30	70
		• · · · · · · · · · · · · · · · · · · ·		6/15	300		
				6/30	180		
				End. bal.	_		
	Ca	sh			Accounts	Receivable	
		6/10	350	6/20	2,000		
		End. bal.	350	End. bal.	2,000		
				Ace	cumulated	Depreciation-	-
	Prepaid I	nsurance			Mach	inery	
		6/30	30			6/30	150
		End. bal.	30			End. bal.	150
	Accounts	s Payable			Payroll	Payable	
		6/1	300			6/15	1,300
		6/2	50			End. bal.	1,300
		End. bal.	350			I	
	Cost of G	oods Sold			Sa	les	
6/20	1,460					6/20	2,000
6/30	70					End. bal.	2,000
End. bal.	1,530					•	
*** 000 00	M/ ¢000						
°⊋1,000 × 80	J% = \$800						

A. Job Order C	ost Card and	I Computation of Produ	ict Unit Cost		
				Job Order:	Z-6
		JOB ORDER CO	ST CARD		
		Storage Com	ipany		
Customer:	Cedar Safe,	Inc. Batch		Custom:	Х
Specifications:	Cedar Stora	ige Cabinets per Custo	mer		
Date of Order:	2/10/2014		Date o	f Completion:	2/24/2014
			Previous	Current	Total
Costs Charged	to Job		Months	Month	Cost
Direct materials	6:				
Cedar				\$ 8,000	
Pine				6,000	
Hardware				2,000	
Assembly su	ıpplies			<u>1,000</u>	
Total direct r	naterials			<u>\$17,000</u>	\$17,000
Direct labor:					
Sawing				\$ 3,000	
Shaping				2,000	
Finishing				2,500	
Assembly				3,000	
Total direct I	abor			<u>\$10,500</u>	10,500
Overhead:					
(\$20.00 p	er machine h	our)			
Sawing (120 hours			\$ 2,400	
Shaping (210 hours			4,200	
Finishing (150 hours			3,000	
Assembly (50 hours			1,000	
Total overhe	ad			<u>\$10,600</u>	10,600
Total cost					\$38,100
Units complete	d				<u>÷ 50</u>
Product unit co	st				<u>\$ 762</u>

E10	A. Computation of Product Unit Cost	
-		
Tot	al actual manufacturing costs:	
	Liability insurance, manufacturing	\$ 3,500
	Depreciation, manufacturing equipment	5,000
	Direct materials	34,000
	Indirect labor, manufacturing	3,600
	Indirect materials	2,000
	Heat, light, and power, manufacturing	2,500
	Fire insurance, manufacturing	2,400
	Rent, manufacturing	4,000
	Direct labor	20,000
	Manager's salary, manufacturing	4,800
	Total manufacturing costs	<u>\$81,800</u>
Cor	mputation of product unit cost:	
	\$81,800 / 40,900 units = <u>\$2.00</u> per unit	
F11	A Computation of Product Unit Cost	
Tot	al actual manufacturing costs:	
	Manufacturing utilities	\$ 200
	Depreciation, manufacturing equipment	250
	Indirect materials	150
	Direct materials	1,000
	Indirect labor	400
	Direct labor	1,200
	Insurance, manufacturing plant	300
	Rent, manufacturing plant	2,500
	Total manufacturing costs	\$6,000
Сог	mputation of product unit cost:	
	\$6,000 / 500 units = <u>\$12.00</u> per unit	

E12	A. Computation of Product Unit Cost			
1.	Dude	Corporation		
	Special	Cost Analysis		
		Job	Order Cost C	ards
		Job B-2	Job B-3	Job B-4
	Direct materials:			
	Fabric Q	\$ 1,000	\$ 1,800	\$17,600
	Fabric Z	2,000	2,200	13,400
	Fabric YB	5,000	6,000	2,000
	Total	<u>\$ 8,000</u>	<u>\$10,000</u>	<u>\$33,000</u>
	Direct labor:			
	Garment maker	\$ 4,500	\$ 8,000	\$10,200
	Layout	2,500	7,000	9,800
	Packaging	3,000	5,000	5,000
	Total	<u>\$10,000</u>	<u>\$20,000</u>	<u>\$25,000</u>
	Overhead:			
	150% of direct labor costs	<u>\$15,000</u>	<u>\$30,000</u>	\$37,500
	Total cost	<u>\$33,000</u>	<u>\$60,000</u>	<u>\$95,500</u>
2.	Units produced	÷ 500	÷ 1,200	÷ 500
	Product unit cost	\$ 66.00	\$ 50.00	\$191.00

I3A. Job Order Costing	in a Service Organization	
	JOB ORDER COST CARD	
	Cloud Storage Services	
Customer:	Jayson Holiday	
Job Order No.:	XXYQ	
Contract Type:	Cost-Plus	
Type of Service:	Annual Internet Storage	
Date of Completion:	November 6, 2014	
Costs Charged to Job		Total Cost
Software installation s	ervices:	
Installation labor		\$30
Service overhead	(100% * of installation labor costs)	30
Total		<u>\$60</u>
Internet services:		
Internet storage		\$10
Service overhead	(200% of Internet storage costs)	20
Total		<u>\$30</u>
\$30 / \$30 = 100%		
Cost Summary to Date		Total Cost
Software installati	on services	\$ 60
Internet services		30
Total		\$ 90
Profit margin (60	0% of total cost)	54
Contract revenue		<u>\$144</u>

E14A. Computation of Overhead Ra	te							
1. and 2.								
		(1)		(2)	(3)			
				Next Year's	Next Yea	ır		
		Past Yea	ır	Percentage	(1 × 2)			
Indirect materials and supplies, rep	air							
and maintenance, outside service	:							
contracts, indirect labor, factory								
supervision, factory insurance, h	eat,	*						
light, and power costs		\$222,000		110%	\$244,200			
Depreciation, machinery		85,000		112%	95,200			
Property taxes and miscellaneous		13 000		400%	15 600			
		13,000 \$220,000		120%	10,000 \$255,000			
lotais Divided by machine hours		<u>\$320,000</u> 40.000			\$355,000 50,000	*		
Divided by machine nours		¢ 8.00	/6.7.LL		¢ 710	/NALI		
		<u>φ 0.00</u>			<u>Ψ 1.10</u>			
*40.000 + 10.000 = 50.000								
E15A. Computation and Application of Overhead Rate								
1. \$900,000 × 125% = <u>\$1,12</u>	5,000							
2 Uncrease in Jahor hours:								
2. Increase in labor nours.	90 000 ho	ure						
73,000 Nouis x 12070	= <u>30,000</u> 110	uis						
Predetermined overhead rate:								
\$1,125,000 / 90,000 H	ours = <u>\$12.</u>	50 per di	irect la	bor hour				
3. a. 89,920 hours × \$12.5	0 per hour =	<u>\$1,124,00</u>	<u>)0</u>	T	I _			
b. Overhead applied					\$1,124,0	000		
Less actual overhead incur	red				1,143,4	<u>100</u>		
Underapplied overhead					<u>\$ (</u> 19,4	<u>100</u>)		
c. Since the underapplied over	rhead amount i	is immater	ial, the	Cost of Goods	s Sold			
account will be increased t	o reflect actual	overhead	costs.					
Note to Instructory Solutions for E	Continent Sof D	provid		arataly on the				
Resource CD and website.	ercises. Set D	are provid	eu sep					

Problems								
P1. T Account Analysi	s with Unknowns							
	MAY					NUL	щ	
	Materials Inv	ventory				Materials II	nventory	
Beg. bal.	36,240	Requests	82,320	(e) Beg. bal.		38,910	(h) Requests	93,080
(a) Purchases	84,990			Purchases		96,120		
End. bal.	38,910			End. bal.		41,950		
	Work in Process	s Inventory				Work in Proce	ss Inventory	
Beg. bal.	56,480	(c) Completed	212,730	(f) Beg. bal.		45,770	Completed	221,400
Direct materials	82,320			(h) Direct mate	erials	93,080		
(b) Direct labor	66,500 *			Direct labor		72,250		
Overhead	53,200			(i) Overhead		57,800 **		
(d) End. bal.	45,770			(k) End. bal.		47,500		
	Finished Goods	s Inventory				Finished Good	ds Inventory	
Beg. bal.	44,260	Cost of goods sold	209,050	(g) Beg. bal.		47,940	(j) Cost of goods sold	218,160
(c) Completed	212,730			Completed		221,400		
End. bal.	47,940			End. bal.		51,180		
* ¢53 300 / 600/ _ ¢6	26 600							
* \$23,200 / 80% = \$1	00,500							
** \$72,250 × 80% = \$	57,800							

P2. Job Order Costing: T Account Analysis

1.

	Materials	Inventory			Work in Proc	ess Inventor	у
1/1	215,400	1/4	231,300	1/4	193,200	1/31	855,990
1/2	49,500	1/21	246,150	1/15	120,000		ŕ
1/19	218,000			1/15	108,000		
End. bal.	5,450			1/21	214,750		
		L		1/31	132,000		
				1/31	118,800		
				End. bal.	30,760		
l	-inished Goo	ods Inventory	/		Over	head	
1/31	855,990	1/31	824,520	1/4	38,100	1/15	108,000*
End. bal.	31,470			1/10	12,100	1/31	118,800**
				1/15	60,620		
				1/21	31,400		
				1/31	62,240		
				1/31	22,600		
				End. bal.	260		
	Ca	sh			Accounts	Receivable	
		1/10	12,100	1/31	996,800		
		End. bal.	12,100	End. bal.	996,800		
					Accumulated I	Depreciation	—
	Prepaid I	nsurance			Mach	inery	
		1/31	3,700			1/31	15,500
		End. bal.	3,700			End. bal.	15,500
	Accounts	s Payable			Payroll	Payable	
		1/1	215,400			1/15	180,620
		1/2	49,500			1/31	194,240
		1/19	218,000			End. bal.	374,860
		End. bal.	482,900				
	Property Ta	xes Payable			Sa	les	
		1/31	3,400			1/31	996,800
		End. bal.	3,400			End. bal.	996,800
	Cost of G	oods Sold					
1/31	824,520						
End. bal.	824,520						
*\$120,000 : **\$132,000	× 90% = \$108 × 90% = \$118	3,800					

2. Job Order Costi	ng: T Account Analysis ((Continued)		
			Job O	rder: X
	JOB OI	RDER COST CARD		
	Ea	igle Carts, Inc.		
Customer:	Job X	Batch:	Cus	tom: X
Specifications:	Golf Carts per Custon	ner Specs		
Date of Order:	1/4/2014	Date	of Completion:	1/31/2014
		Provious	Current	Total
Costs Charged to	Job	Months	Month	Cost
Direct materials:			\$193 200	
Direct materials.			178,170	
Total direct ma	terials		\$371.370	\$ 371.370
Direct labor:			\$120,000	•••••
			118,500	
Total direct lab	or		\$238.500	238.500
Overhead:	<u> </u>		<u> </u>	
(90% of direc	ct labor costs)		\$214,650	214,650
Total cost				\$ 824,520
Units completed				<u>÷ 375</u>
Product unit cost				\$2,198.72
			Job O	rder: Y
	JOB OI	RDER COST CARD		
	Ea	igle Carts, Inc.		
Customer:	Job Y	Batch:	Cus	stom: X
Specifications:	Golf Carts per Custon	ner Specs	D	1
Date of Order:	1/21/2014	Date	of Completion:	1/31/2014
		Previous	Current	Total
Costs Charged to	Job	Months	Month	Cost
Direct materials			\$18,170	\$18,170
Direct labor			7,000	7,000
Overhead:				
(90% of direc	ct labor costs)		6,300	6,300
Total cost				\$31,470
Units completed				÷ 10
Product unit cost				<u>\$ 3,147</u>

				Jo	b Order:	Z
		JOB ORDER	COST CARD		1 <i>_</i>	
		Eagle Ca	rts, Inc.			
Customer:	Job Z		Batch:		Custom:	Х
Specifications	Golf Carts	s per Customer Sp	ecs			
Date of Order:	1/21/201	4	Date	of Completio	n: 1/31	/2014
			Provious	Current	Т	stal
Costs Charge	d to Job		Months	Month		ost
Direct meteric			montris	\$18./10	¢1	8 /10
Direct materia	lis			\$10,410 6 500	ψI	6 500
Overhead.				0,300	<u> </u>	5,500
(90% of d	lirect labor cost	s)		5.850	<u> </u>	5.850
Total cost		- , ,	<u> </u>		\$3	0.760
Units complet	ed					s,. co
Product unit o	ost					
Overhead in	nourrad				¢ 2 2	7 060
. Overhead in					<u>م</u> حد	6 800
Overnead a	ippilea				<u> </u>	0,000
						260
Underappli	ed overhead				<u>ψ</u>	260
Underappli	ed overhead	Over	head		<u> </u>	260
	ed overhead	Over	head		<u> </u>	260
Underapplic	ed overhead	Over 38,100 12,100	head 1/15 1/31		<u>*</u> 108,000 118,800	260
Underappli 1/4 1/1(1/15	ed overhead	Over 38,100 12,100 60.620	head 1/15 1/31		<u> </u>	260
Underappli 1/4 1/10 1/15 1/21	ed overhead	Over 38,100 12,100 60,620 31,400	head 1/15 1/31		<u>9</u> 108,000 118,800	260
Underappli 1/4 1/10 1/15 1/21 1/31	ed overhead	Over 38,100 12,100 60,620 31,400 62,240	head 1/15 1/31		<u>9</u> 108,000 118,800	260
Underappli 1/4 1/10 1/15 1/21 1/31 1/31	ed overhead	Over 38,100 12,100 60,620 31,400 62,240 22,600	head 1/15 1/31		<u>9</u> 108,000 118,800	260
Underappli 1/4 1/4 1/10 1/15 1/21 1/31 1/31 Bal	ed overhead	Over 38,100 12,100 60,620 31,400 62,240 22,600 260	head 1/15 1/31 1/31		<u></u>	260
Underappli 1/4 1/4 1/10 1/15 1/21 1/31 1/31 Bal. Enc	ed overhead	Over 38,100 12,100 60,620 31,400 62,240 22,600 260 —	head 1/15 1/31 1/31		<u></u>	260
Underappli 1/4 1/4 1/10 1/15 1/21 1/31 1/31 Bal. Enc	ed overhead	Over 38,100 12,100 60,620 31,400 62,240 22,600 260 — Cost of Ge	head 1/15 1/31 1/31 1/31 00ds Sold		<u></u>	260
Underappli 1/4 1/4 1/10 1/21 1/31 1/31 Bal. Enc	ed overhead	Over 38,100 12,100 60,620 31,400 62,240 22,600 260 — Cost of Ge 824,520	head 1/15 1/31 1/31 1/31 boods Sold		<u>9</u> 108,000 118,800 260	260
Underappli 1/4 1/4 1/10 1/15 1/21 1/31 1/31 Bal. Enc 1/31 1/31 1/31	ed overhead	Over 38,100 12,100 60,620 31,400 62,240 22,600 260 — Cost of Go 824,520 260	head 1/15 1/31 1/31 1/31 Doods Sold		<u>9</u> 108,000 118,800 260	260
Underappli 1/4 1/4 1/10 1/15 1/21 1/31 Bal. Enc 1/31 1/31 Enc	ed overhead	Over 38,100 12,100 60,620 31,400 62,240 22,600 260 Cost of Ge 824,520 260 824,780	head 1/15 1/31 1/31 1/31 Dods Sold		<u>3</u> 108,000 118,800 260	260

P3. Job O	der Cost F	low	1							
1., 3., and 4	4.									
	Mater	ials	Inventory			Work in Pro	cess Invento	ory		
Beg. bal.	21,360		6/6	37,240	Beg. bal.	15,112	6/30	185,073	а	
6/4	33,120		6/23	38,960	6/6	37,240				
6/16	28,600				6/15	23,680				
6/22	31,920				6/15	30,784				
End. bal.	38,800				6/23	38,960				
					6/29	25,960				
					6/29	33,748				
					End. bal.	20,411 ^b				
	Finished	Go	ods Invento	ry		Ove	erhead			
Beg. bal.	17,120		6/30	183,000			6/15	30,784	С	
6/30	185,073	а					6/29	33,748	d	
End. bal.	19,193						End. bal.	64,532		
	Accou	nts	Receivable		Payroll Payable					
6/30	320,000						6/15	23,680		
End. bal.	320,000						6/29	25,960		
							End. bal.	49,640		
		Sa	les		Cost of Goods Sold					
			6/30	320,000	6/30	183,000				
			End. bal.	320,000	End. bal.	183,000				
^a \$20	5,484 – \$20	0,41	1 = \$185,073	3						
^b End	ing Work i	in P	rocess Inve	ntory:						
Job	24-A	\$	4,560							
Job	24-B		4,666							
Job	24-C		6,035							
Job	24-D		5,150							
	Total	<u></u> \$2	0,411							
¢ \$23	680 x 130	% =	\$30 784							
ΨΖΟ		/0 -	490ji 94							
^d \$25	,960 × 130'	% =	\$33,748							

P3. Job Order Cost Flow (Concluded)

2. and 3.

Cost of ending	Work in Process In	ventory:					
	Direct	Direct					
Job No.	Materials	Labor	Overhead	Total	-		
24-A	\$1 593	\$1 290	\$1.677	\$ 4 560	=		
24-A 24-B	1 492	1 380	1 794	<u> </u>	-		
24-0	1,432	1,300	2 288	6.035	-		
24 0 24-D	1,608	1,700	2,200	5.150	-		
	\$6,680	\$5,970	\$7,761	\$20,411			
			11 11				
Costs of units	completed:						
Beginning bala	ance, Work in Proce	ss Inventory			\$ 15,112		
Cost of direct	materials, direct lab	or, and overhead	added during peri	od	190,372		
Total costs inc	luded in Work in Pro	ocess Inventory			\$205,484		
Less ending W	ork in Process Inve	ntory			20,411		
Cost of goods completed and transferred							
4. Job 24-A:					.		
July be	ginning balance				\$4,560		
July co	sts:						
Dire					960		
Ove	rnead (130%)				1,240		
Total c	ost				<u>\$6,768</u>		
Produc	t unit cost:						
\$6,768	8 / 1,800 pairs =	\$3.76					
Job 24-C:							
July be	ginning balance				\$6.035		
	sts:				<i><i><i>ϕ</i></i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i>,,<i>ϕ</i></i>		
Direct labor							
Ove	rhead (130%)				2,093		
Total c	ost				\$9,738		
Produc	t unit cost:						
\$9,738	3 / 900 pairs =	\$10.82					

		Nature Cosmetics C	Company	
	Over	head Rate Computa	tion Schedule	
		For This Yea	ır	
		(1)	(2)	(3)
			Projected	Projection
		_	Percentage	This Year
Overhead Cost It	em	Last Year	Increase	(1 × 2)
Indirect labor		\$ 23,500	130%	\$ 30,550
Employee benefit	ts	28,600	130%	37,180
Manufacturing su	pervision	18,500	110%	20,350
Utilities		15,000	140%	21,000 9,360
Factory insuranc	е	7,800	120%	
Janitorial service	S	12,100	110%	13,310
Depreciation, fac	tory and			
machinery		21,300	120%	25,560
Miscellaneous ov	verhead	6,000	130%	7,800
Total overhea	ad	\$132,800		\$165,110
\$165,110 / unded	68,786 machi	ne hours = <u>\$2.40</u> *	* per machine ho	ur
unded	68,786 machi	ne hours = <u>\$2.40</u> *	* per machine ho Overhead	ur
3165,110 / Inded Job No.	68,786 machi Machine Hours	ne hours = <u>\$2.40</u> * Predetermined Overhead Rate	[*] per machine ho Overhead Applied	ur
3165,110 / Inded Job No. 2214	68,786 machi Machine Hours 12,300	ne hours = <u>\$2.40</u> * Predetermined Overhead Rate \$2.40	* per machine ho Overhead Applied \$ 29,520	ur
\$165,110 / Inded Job No. 2214 2215	68,786 machi Machine Hours 12,300 14,200	ne hours = <u>\$2.40</u> ? Predetermined Overhead Rate \$2.40 \$2.40	* per machine ho Overhead Applied \$ 29,520 34,080	ur
3165,110 / Inded Job No. 2214 2215 2216	68,786 machi Machine Hours 12,300 14,200 9,800	ne hours = <u>\$2.40</u> * Predetermined Overhead Rate \$2.40 \$2.40 \$2.40	* per machine ho Overhead Applied \$ 29,520 34,080 23,520	ur
\$165,110 / Inded Job No. 2214 2215 2216 2217	68,786 machi Machine Hours 12,300 14,200 9,800 13,600	ne hours = <u>\$2.40</u> ? Predetermined Overhead Rate \$2.40 \$	* per machine ho Overhead Applied \$ 29,520 34,080 23,520 32,640	ur
\$165,110 / Inded Job No. 2214 2215 2216 2217 2218	68,786 machi Machine Hours 12,300 14,200 9,800 13,600 11,300	ne hours = <u>\$2.40</u> ? Predetermined Overhead Rate \$2.40 \$2.40 \$2.40 \$2.40 \$2.40 \$2.40	* per machine ho Overhead Applied \$ 29,520 34,080 23,520 32,640 27,120	ur
\$165,110 7 inded 7 Job No. 2214 2214 2215 2216 2217 2218 2219	68,786 machine Machine Hours 12,300 14,200 9,800 13,600 11,300 8,100	ne hours = <u>\$2.40</u> ? Predetermined Overhead Rate \$2.40 \$2.40 \$2.40 \$2.40 \$2.40 \$2.40 \$2.40 \$2.40 \$2.40	* per machine ho Overhead Applied \$ 29,520 34,080 23,520 32,640 27,120 19,440	ur
\$165,110 7 Job No. 2214 2215 2216 2217 2218 2219 Totals	68,786 machine Machine Hours 12,300 14,200 9,800 13,600 11,300 8,100 69,300	ne hours = <u>\$2.40</u> ? Predetermined Overhead Rate \$2.40 \$2.40 \$2.40 \$2.40 \$2.40 \$2.40 \$2.40 \$2.40	* per machine ho Overhead Applied \$ 29,520 34,080 23,520 32,640 27,120 19,440 \$166,320	ur
\$165,110 7 unded Job No. 2214 2215 2216 2217 2218 2219 Totals	68,786 machine Machine Hours 12,300 14,200 9,800 13,600 11,300 <u>8,100</u> <u>69,300</u>	ne hours = <u>\$2.40</u> ? Predetermined Overhead Rate \$2.40 \$2.40 \$2.40 \$2.40 \$2.40 \$2.40 \$2.40	* per machine ho Overhead Applied \$ 29,520 34,080 23,520 32,640 27,120 19,440 \$166,320	ur
\$165,1107undedJob No.221422152216221722182219TotalsOverhead appliedActual overhead	68,786 machine Machine Hours 12,300 14,200 9,800 13,600 11,300 <u>8,100</u> <u>69,300</u> d incurred this vest	ne hours = <u>\$2.40</u> * Predetermined Overhead Rate \$2.40	* per machine ho Overhead Applied \$ 29,520 34,080 23,520 32,640 27,120 19,440 \$166,320	ur
\$165,110 7 Inded	68,786 machine Machine Hours 12,300 14,200 9,800 13,600 11,300 <u>8,100</u> 69,300 1 incurred this year	ne hours = \$2.40 \$2.40 Predetermined Overhead Rate \$2.40 \$2.40 \$2.40 \$2.40 \$2.40 \$2.40 \$2.40 \$2.40 \$2.40 \$2.40 \$2.40 \$2.40 \$2.40 \$2.40 \$2.40 \$2.40 \$2.40 \$2.40	* per machine ho Overhead Applied \$ 29,520 34,080 23,520 32,640 27,120 19,440 <u>\$166,320</u>	ur
\$165,1107IndedJob No.221422152216221722182219TotalsOverhead appliedOverapplied over	68,786 machine Machine Hours 12,300 14,200 9,800 13,600 11,300 8,100 69,300 69,300 d incurred this yea	ne hours = \$2.40 Predetermined Overhead Rate 0verhead Rate \$2.40 \$2.40 \$2.40 \$2.40 \$2.40 \$2.40 \$2.40 \$2.40 \$2.40 \$2.40 \$2.40 \$2.40 \$2.40 \$2.40 \$2.40 \$2.40 \$2.40	* per machine ho Overhead Applied \$ 29,520 34,080 23,520 32,640 27,120 19,440 \$166,320	ur \$166,320 <u>165,845</u> <u>\$ 475</u>
\$165,1107undedJob No.221422152216221722182219TotalsOverhead appliedOverapplied overDecrease Cost of	68,786 machine Hours 12,300 14,200 9,800 13,600 11,300 8,100 69,300 d incurred this yea fead 5	ne hours = \$2.40 ? Predetermined Overhead Rate \$2.40 \$2.40 \$2.40 \$2.40 \$2.40 \$2.40 \$2.40 \$2.40 \$2.40 \$2.40 \$2.40 \$2.40 \$2.40 \$2.40 \$2.40 \$2.40 \$2.40 \$2.40 \$2.40 \$475 to reflect actual \$475 to reflect actual	* per machine ho Overhead Applied \$ 29,520 34,080 23,520 32,640 27,120 19,440 <u>\$166,320</u> al overhead costs	ur \$166,320 <u>165,845</u> <u>\$ 475</u> 5.
\$165,110 7 Inded Job No. 2214 2215 2216 2217 2218 2219 Totals Overhead applied Overhead overhead Overhead Overapplied over Decrease Cost of	68,786 machine Machine Hours 12,300 14,200 9,800 13,600 11,300 8,100 69,300 69,300 d incurred this yea head 60000	ne hours = \$2.40 Predetermined Overhead Rate Overhead Rate \$2.40 \$2.40 \$2.40 \$2.40 \$2.40 \$2.40 \$2.40 \$2.40 \$2.40 \$2.40 \$2.40 \$2.40 \$2.40 \$2.40 \$2.40 \$2.40 \$2.40 \$2.40 \$2.40 \$2.40 \$2.40 \$2.40 \$2.40 \$2.40 \$2.40	* per machine ho Overhead Applied \$ 29,520 34,080 23,520 32,640 27,120 19,440 <u>\$166,320</u> Al overhead costs	ur \$166,320 <u>165,845</u> <u>\$ 475</u> 5.
\$165,1107undedJob No.221422152216221722182219TotalsOverhead applied Actual overhead Overapplied overDecrease Cost of The overhead rat	68,786 machine Hours 12,300 14,200 9,800 13,600 11,300 8,100 69,300 5 incurred this yea 'head 69,300	ne hours = \$2.40 Predetermined Overhead Rate Overhead Rate \$2.40 \$2.40 \$2.40	* per machine ho Overhead Applied \$ 29,520 34,080 23,520 32,640 27,120 19,440 <u>\$166,320</u> al overhead costs the year. During	ur \$166,320
\$165,110 7 unded	Machine Hours 12,300 14,200 9,800 13,600 11,300 <u>8,100</u> <u>69,300</u> d incurred this yea head Goods Sold by e was computed he overhead rate	ne hours = <u>\$2.40</u> Predetermined Overhead Rate \$2.40	Verhead Applied \$ 29,520 34,080 23,520 32,640 27,120 19,440 \$166,320 al overhead costs the year. During overhead to proc	ur \$166,320
\$165,110 7 Inded	68,786 machine Machine Hours 12,300 14,200 9,800 13,600 11,300 8,100 69,300 69,300 d incurred this yea head 69,300 d count balance was	ne hours = \$2.40 Predetermined Overhead Rate \$2.40 \$2.40	Verhead Applied \$ 29,520 34,080 23,520 32,640 27,120 19,440 \$166,320 al overhead costs the year. During overhead to procent	ur \$166,320
\$165,110 7 inded	68,786 machine Machine Hours 12,300 14,200 9,800 13,600 11,300 8,100 69,300 69,300 d incurred this yea head 69,300 d count balance was computed balance was com	ne hours = \$2.40 Predetermined Overhead Rate Overhead Rate \$2.40 \$2.40 \$2.40	Verhead Applied \$ 29,520 34,080 23,520 32,640 27,120 19,440 \$166,320 al overhead costs the year. During overhead to proconined to be overa efflect the actual o	ur \$166,320

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Dire	Direct materials cost				
Cos	st of purchased parts	21,300			
Dire	ect labor cost:				
	\$16.00				
	<u>× 220</u>	3,520			
Ove	erhead cost:				
	\$3,520				
	<u>× 270</u> %	9,504			
Total costs assigned to the Grater order					

DE T Account Analys	samoadal I dimonsio						
		0					
	JUL	X			AUG	GUST	
	Materials Ir	nventory			Materials	Inventory	
Beg. bal.	52,000	Requests	77,000	(e) Beg. bal.	27,000	(h) Requests	50,000
(a) Purchases	52,000			Purchases	31,000		
End. bal.	27,000			End. bal.	8,000		
	Work in Proces	ss Inventory			Work in Proc	ess Inventory	
Beg. bal.	24,000	(c) Completed	164,000	(f) Beg. bal.	38,564	Completed	167,000
Direct materials	77,000			(h) Direct materials	50,000		
(b) Direct labor	48,364 *			Direct labor	44,000		
Overhead	53,200			(i) Overhead	48,400 **		
(d) End. bal.	38,564			(k) End. bal.	13,964		
	Finished Good	ds Inventory			Finished God	ods Inventory	
Beg. bal.	36,000	Cost of goods sold	188,000	(g) Beg. bal.	12,000	(j) Cost of goods sold	160,000
(c) Completed	164,000			Completed	167,000		
End. bal.	12,000			End. bal.	19,000		
* \$53,200 / 110% =	\$48,364 rounded						
** \$44,000 × 110% =	= \$48,400						

P7. Job Order Costing: T Account Analysis

9/1	Materials	Inventory		Work in Process Inventory				
	59,400	9/3	26,850	9/3	26,850		9/30	322,400
9/4	22,830	9/10	35,990	9/10	29,510			
9/23	41,200	9/27	36,510	9/15	62,900			
End. bal.	24,080			9/15	75,480	*		
				9/27	28,870			
				9/30	64,220			
				9/30	77,064	**		
				End. bal.	42,494			
	Finished Goo	ods Inventory	/		Ov	erh	ead	
9/30	322,400	9/30	294,200	9/8	10,875		9/15	75,480
End. bal.	28,200			9/10	6,480		9/30	77,064
		•		9/15	58,510			
				9/22	10,900			
				9/27	7,640			
				9/30	58,810			
				9/30	3,910			
				End. bal.	4,581			
	Ca	sh		Accounts Receivable				
		9/4	22,830	9/30	418,240			
		9/8	10,875	End. bal.	418,240			
		9/22	10,900					
Α	ccumulated	Depreciation						
A	ccumulated Manufacturir	Depreciation	44,005 — t		Accour	nts	Payable	
A	ccumulated Manufacturin	Depreciation og Equipmen 9/30	44,603 		Accour	nts	Payable 9/1	59,400
A 	ccumulated Manufacturir	Depreciation g Equipmen 9/30 End. bal.	44,603 — t 		Accour	nts	Payable 9/1 9/23	59,400 41,200
A 	ccumulated Manufacturir	Depreciation og Equipmen 9/30 End. bal.	44,803 — t 2,680 2,680		Accour	nts	Payable 9/1 9/23 End. bal.	59,400 41,200 100,600
A 	ccumulated Manufacturin	Depreciation og Equipmen 9/30 End. bal. Payable	44,603 		Accour	nts Fax	Payable 9/1 9/23 End. bal. es Payable	59,400 41,200 100,600
A 	ccumulated Manufacturin Payroll	Pepreciation g Equipmen 9/30 End. bal. Payable 9/15	44,603 		Accour Property	nts Faxe	Payable 9/1 9/23 End. bal. es Payable 9/30	59,400 41,200 100,600 1,230
A 	ccumulated Manufacturin Payroll	Pepreciation g Equipmen 9/30 End. bal. Payable 9/15 9/30	44,803 		Accour Property	nts Faxo	Payable 9/1 9/23 End. bal. es Payable 9/30 End. bal.	59,400 41,200 100,600 1,230 1,230
A 	ccumulated Manufacturin Payroll	Pepreciation g Equipmen 9/30 End. bal. Payable 9/15 9/30 End. bal.	44,803 		Accour Property	Γaxe	Payable 9/1 9/23 End. bal. es Payable 9/30 End. bal.	59,400 41,200 100,600 1,230 1,230
A 	ccumulated Manufacturin Payroll	Pepreciation g Equipmen 9/30 End. bal. Payable 9/15 9/30 End. bal. les	44,803 — t 2,680 2,680 154,390 159,230 313,620		Accour Property	Taxo Goo	Payable 9/1 9/23 End. bal. es Payable 9/30 End. bal.	59,400 41,200 100,600 1,230 1,230
A	ccumulated Manufacturin Payroll Sa	Pepreciation g Equipmen 9/30 End. bal. Payable 9/15 9/30 End. bal. les	44,803 	9/30	Accour Property T Cost of 294,200	nts Γαχα Goo	Payable 9/1 9/23 End. bal. es Payable 9/30 End. bal.	59,400 41,200 100,600 1,230 1,230
	ccumulated Manufacturin Payroll Sa	Pepreciation g Equipmen 9/30 End. bal. Payable 9/15 9/30 End. bal. les 9/30 End. bal.	44,803 	9/30 End. bal.	Accour Property	Taxe Goo	Payable 9/1 9/23 End. bal. es Payable 9/30 End. bal. ods Sold	59,400 41,200 100,600 1,230 1,230
A	ccumulated Manufacturin Payroll Sa	Pepreciation g Equipmen 9/30 End. bal. Payable 9/15 9/30 End. bal. les 9/30 End. bal. istrative Exp	44,603 	9/30 End. bal.	Accour Property	nts Γαχα Goo	Payable 9/1 9/23 End. bal. es Payable 9/30 End. bal.	59,400 41,200 100,600 1,230 1,230
A	ccumulated Manufacturin Payroll Sa g and Admin 32,980	Pepreciation g Equipmen 9/30 End. bal. Payable 9/15 9/30 End. bal. les 9/30 End. bal. istrative Exp	44,803 	9/30 End. bal.	Accour Property Cost of 294,200 294,200	Tax(Payable 9/1 9/23 End. bal. es Payable 9/30 End. bal. ods Sold	59,400 41,200 100,600 1,230 1,230
A	ccumulated Manufacturin Payroll Sa g and Admin 32,980 36,200	Pepreciation g Equipmen 9/30 End. bal. 9/15 9/15 9/30 End. bal. les 9/30 End. bal. istrative Exp	44,803 	9/30 End. bal.	Accour Property	Taxe Goe	Payable 9/1 9/23 End. bal. es Payable 9/30 End. bal.	59,400 41,200 100,600 1,230 1,230
A	ccumulated Manufacturin Payroll Sa g and Admin 32,980 36,200 69,180	Pepreciation g Equipmen 9/30 End. bal. Payable 9/15 9/30 End. bal. les 9/30 End. bal. istrative Exp	44,803 	9/30 End. bal.	Accour Property		Payable 9/1 9/23 End. bal. es Payable 9/30 End. bal.	59,400 41,200 100,600 1,230 1,230
A	ccumulated Manufacturin Payroll Sa g and Admin 32,980 36,200 69,180	Depreciation og Equipmen 9/30 End. bal. Payable 9/15 9/30 End. bal. les 9/30 End. bal. istrative Exp	44,603 	9/30 End. bal.	Accour Property T Cost of 294,200 294,200		Payable 9/1 9/23 End. bal. es Payable 9/30 End. bal.	59,400 41,200 100,600 1,230

				Job (Order: A					
		JOB ORDER	COST CARD							
		Rhile Indu	stries, Inc.							
Customer:	Job A		Batch:	Cu	stom: X					
Specifications:	Uniforms per	customer								
Date of Order:	9/3/14		Date	of Completion:	9/30/14					
			Previous	Current	Total					
Costs Charged to	Job		Months	Month	Cost					
Direct materials:				\$ 26,850						
				29,510						
				2,660						
Total direct m	naterials			\$ 59,020	\$ 59,020					
Direct labor:				\$ 62,900						
				44,000						
Total direct la	abor			\$106,900	106,900					
Overhead:				\$ 75,480						
(120% of	f direct labor co	sts)		52,800						
Total overhea	ad			<u>\$128,280</u>	128,280					
Total cost					\$294,200					
Units completed					÷ 58,840					
Product unit cost <u>\$ 5.00</u>										
Product unit cost										
Product unit cost					\$ 5.00					
Product unit cost				Job C	<u>\$ 5.00</u> Drder: B					
Product unit cost		JOB ORDER Rhile Indu	COST CARD stries, Inc.	Job (<u>\$ 5.00</u> Drder: B					
Product unit cost	Job B	JOB ORDER Rhile Indu	COST CARD stries, Inc. Batch:	Job C	<u>\$ 5.00</u> Drder: B stom: X					
Product unit cost Customer: Specifications:	Job B Uniforms per	JOB ORDER Rhile Indu customer	COST CARD stries, Inc. Batch:	Job C	<u>\$ 5.00</u> Drder: B stom: X					
Product unit cost Customer: Specifications: Date of Order:	Job B Uniforms per 9/27/14	JOB ORDER Rhile Indu customer	COST CARD stries, Inc. Batch: Date of	Job C	<u>\$ 5.00</u> Drder: B stom: X 9/30/14					
Product unit cost Customer: Specifications: Date of Order:	Job B Uniforms per 9/27/14	JOB ORDER Rhile Indu customer	COST CARD stries, Inc. Batch: Date	Job C Current	<u>\$ 5.00</u> Drder: B stom: X 9/30/14 Total					
Product unit cost Customer: Specifications: Date of Order: Costs Charged to	Job B Uniforms per 9/27/14	JOB ORDER Rhile Indu customer	COST CARD stries, Inc. Batch: Date Previous Months	Job C Current Month	<u>\$ 5.00</u> Drder: B stom: X 9/30/14 Total Cost					
Product unit cost Customer: Specifications: Date of Order: Costs Charged to Direct materials:	Job B Uniforms per 9/27/14	JOB ORDER Rhile Indus	COST CARD stries, Inc. Batch: Date Previous Months	Job C Current Month \$ 8,400	\$ 5.00 Drder: B stom: X 9/30/14 Total Cost \$ 8,400					
Product unit cost Customer: Specifications: Date of Order: Costs Charged to Direct materials: Direct labor:	Job B Uniforms per 9/27/14	JOB ORDER Rhile Indu customer	COST CARD stries, Inc. Batch: Date Previous Months	Job C Current Month \$ 8,400 9,000	<u>\$ 5.00</u> Drder: B stom: X 9/30/14 Total Cost \$ 8,400 9,000					
Product unit cost Customer: Specifications: Date of Order: Costs Charged to Direct materials: Direct labor: Overhead:	Job B Uniforms per 9/27/14	JOB ORDER Rhile Indu: customer	COST CARD stries, Inc. Batch: Date Previous Months	Job C Current Month \$ 8,400 9,000	<u>\$ 5.00</u> Drder: B stom: X 9/30/14 Total Cost \$ 8,400 9,000					
Product unit cost	Job B Uniforms per 9/27/14	JOB ORDER Rhile Indu customer	COST CARD stries, Inc. Batch: Date Previous Months	Job C Current Month \$ 8,400 9,000	<u>\$ 5.00</u> Drder: B stom: X 9/30/14 Total Cost \$ 8,400 9,000 					
Product unit cost	Job B Uniforms per 9/27/14	JOB ORDER Rhile Indu: customer	COST CARD stries, Inc. Batch: Date Previous Months	Job C Cu of Completion: Current Month \$ 8,400 9,000 10,800	<u>\$ 5.00</u> Drder: B stom: X 9/30/14 Total Cost \$ 8,400 9,000 <u>10,800</u> \$28,200					

16-27

						Job O	rder:	С
			JOB ORDER	COST CARD				
			Rhile Indu	stries, Inc.				
Customer:		Job C		Batch:		Cus	tom:	Х
Specification	ns:	Uniforms per	customer					
Date of Orde	∍r:	9/27/14		Date	of Comple	etion:		
				Previous	Currer	nt	T	otal
Costs Charg	jed to Jo	b		Months	Montl	n	C	Cost
Direct mater	ials:				\$17,	810	\$	517,810
Direct labor:	:				11,:	220		11,220
Overhead:								
(120% of (direct la	bor costs)			13,4	464	_	13,464
Total cost				I II.			\$	642,494
Units comple	eted							
2								
Product unit	cost							
Product unit	t cost							
Product unit	t cost							\$157,12
Product unit	t cost	d						\$157,12 152,54
Product unit Overhead Overhead Underapp	t cost l incurred l applied lied ove	d rhead						\$157,12
Product unit Overhead Overhead Underapp	t cost l incurred l applied blied ove	d rhead						\$157,12 152,54 \$ 4,56
Product unit Overhead Overhead Underapp	t cost l incurred applied blied ove	d rhead	Overl	head				\$157,12
Product unit Overhead Overhead Underapp 9/8	t cost l incurred l applied blied ove	d rhead	Over 10,875	nead 9/15		75,	,480	\$157,12 <u>152,5</u> 4 \$ 4,55
Product unit Overhead Overhead Underapp 9/8 9/1	t cost l incurred l applied blied ove	d rhead	Over 10,875 6,480	nead 9/15 9/30		75,	,480	\$157,12 152,54 \$ 4,55
Product unit Overhead Overhead Underapp 9/8 9/1 9/1	t cost l incurred l applied olied ove	d rhead	Over 10,875 6,480 58,510	nead 9/15 9/30		75,	,480	\$157,12 <u>152,5</u> 4 \$ 4,55
Product unit Overhead Overhead Underapp 9/8 9/1 9/1 9/2	t cost l incurred l applied olied ove	d rhead	Over 10,875 6,480 58,510 10,900	nead 9/15 9/30		75,	,480 ,064	\$157,12 <u>152,54</u> \$ 4,55
Product unit Overhead Overhead Underapp 9/8 9/1 9/1 9/2 9/2 9/2	t cost l incurred l applied olied ove 5 2 7	d rhead	Over 10,875 6,480 58,510 10,900 7,640	nead 9/15 9/30		75,	,480	\$157,12 <u>152,5</u> 4 \$ 4,5
Product unit Overhead Overhead Underapp 9/8 9/1 9/1 9/2 9/2 9/3 9/3	t cost l incurre l applied blied ove 5 5 22 7 0 0	d rhead	Over 10,875 6,480 58,510 10,900 7,640 58,810 3,910	nead 9/15 9/30		75,	,480 ,064	\$157,12 <u>152,54</u> \$ 4,55
Product unit Overhead Overhead Underapp 9/8 9/1 9/1 9/1 9/1 9/1 9/2 9/2 9/3 9/3 8a	t cost t cost l incurre applied olied ove b cost cost cost cost cost cost cost cost	d rhead	Over 10,875 6,480 58,510 10,900 7,640 58,810 3,910 4,581	nead 9/15 9/30		75,77,	,480 ,064	\$157,12 <u>152,54</u> \$ 4,55
Product unit Overhead Overhead Underapp 9/8 9/1 9/1 9/2 9/2 9/3 9/3 Bal Epo	t cost t cost l incurred l applied olied ove b cost l applied olied ove cost l applied olied ove cost l applied olied ove cost l applied olied ove cost l applied olied ove cost l applied olied ove l applied l applied	d rhead	Over 10,875 6,480 58,510 10,900 7,640 58,810 3,910 4,581	nead 9/15 9/30 9/30		75, 77, 4,	,480 ,064 581	\$157,12 <u>152,5</u> 4 <u>\$4,5</u> 5
Product unit Overhead Overhead Underapp 9/8 9/1 9/1 9/1 9/1 9/1 9/1 9/2 9/2 9/3 9/3 8al End	t cost i incurred applied olied ove blied ove 5 5 2 2 7 60 60 1. d. bal.	d	Over 10,875 6,480 58,510 10,900 7,640 58,810 3,910 4,581 —	nead 9/15 9/30 9/30		75, 77, 77,	,480 ,064 581	\$157,12 <u>152,54</u> \$ 4,55
Product unit Overhead Overhead Underapp 9/8 9/1 9/1 9/2 9/2 9/3 9/3 8a End	t cost t cost l incurred l applied olied ove blied ove cost l applied olied ove l applied l applied olied ove l applied l applied l applied olied ove l applied l ap	d rhead	Over 10,875 6,480 58,510 10,900 7,640 58,810 3,910 4,581 — Cost of Go	nead 9/15 9/30 9/30 9/30		75, 77,	,480 ,064 581	\$157,12 152,54 \$ 4,55
Product unit Overhead Overhead Underapp 9/8 9/1 9/1 9/1 9/1 9/2 9/2 9/3 9/3 8al End End 9/3	t cost t cost l incurre l applied olied ove blied ove 5 5 2 2 7 60 60 1. d. bal.	d	Over 10,875 6,480 58,510 10,900 7,640 58,810 3,910 4,581 — Cost of Go 294,200	nead 9/15 9/30 9/30 9/30 00ds Sold		75, 77, 4,	,480 ,064 581	\$157,12 <u>152,54</u> \$ 4,55
Product unit Overhead Overhead Underapp 9/8 9/1 9/1 9/2 9/2 9/3 9/3 8al End 9/3 9/3	t cost t cost l incurre l applied olied ove blied ove 5 2 2 7 60 60 1. d. bal. 0 0	d	Over 10,875 6,480 58,510 10,900 7,640 58,810 3,910 4,581 — Cost of Go 294,200 4,581	nead 9/15 9/30 9/30 9/30 9/30			,480 ,064 581	\$157,12 <u>152,54</u> <u>\$ 4,55</u>

P8. Job Order Cost Flow

1., 3.,	and	4.
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Beg. bal. 27,450 2/4 9,080 Beg. bal. 22,900 2/28 76,470 2/12 8,110 2/25 7,600 2/13 5,940 2/14 13,750 2/14 13,750 2/14 13,750 2/14 13,750 2/14 13,750 2/14 13,750 2/12 2/13 5,940 2/14 13,750 2/14 13,750 2/14 13,750 2/12 12/28 13,230 2/28 13,230 2/28 18,522 2/28 1			-			Work in Process Inventory					
Beg. bal. 27,450 2/4 9,080 2/28 76,470 2/6 7,200 2/13 5,940 2/4 9,080 2/4 9,080 2/4 9,080 2/4 9,080 2/4 9,080 2/4 9,080 2/13 5,940 2/14 13,750 2/14 13,750 2/14 13,750 2/14 13,750 2/14 13,750 2/28 15,240 2/28 13,230 2/28 13,230 2/28 18,522 2/28 18,522 2/28 18,522 2/28 18,522 2/14 13,230 2/28 18,522 2/28 18,522 2/28 18,522 2/14 13,230 2/28 18,522 2/28 18,522 2/28 18,522 2/28 18,522 2/28 18,522 2/28 18,522 2/14 13,770 2/28 18,522 18,522 2/28 18,522 2/28 18,522 2/28 18,522 2/28 18,522 2/28 18,522 2/28 18,522 2/28 18,522 2/28 18,522 2/28 18,522 2/28 18,522 2/28		Materi	als	Inventory		_	Work in Pr	00	ess Invento	ry	
2/6 7,200 2/13 5,940 2/2 9,080 2/13 5,940 2/13 5,940 2/13 5,940 2/14 13,750 2/14 13,750 2/14 13,750 2/14 13,750 2/14 13,250 2/14 13,250 2/28 13,230 2/28 13,230 2/28 13,230 2/28 13,230 2/28 13,230 2/28 18,522 16 16 16 16 16 16 16 16 16 16 16 16 16 16 17 16 17 16 16 16 16 16 17 16	Beg. bal.	27,450		2/4	9,080	Beg. bal.	22,900		2/28	76,470	a
2/12 8,110 2/25 7,600 2/13 5,940 2/14 2/24 5,890 2/14 13,750 2/14 13,250 2/14 End. bal. 26,030 2/14 19,250 2/25 7,600 2/28 13,230 2/28 13,230 2/28 13,230 2/28 13,230 2/28 13,230 2/28 13,230 2/28 13,230 2/28 13,230 2/28 13,230 2/28 13,230 2/28 13,230 2/28 13,230 2/28 13,230 2/28 13,230 2/28 18,522 16 16,670 2/28 18,522 16,670 2/28 18,522 16,670 2/28 18,522 16,670 2/28 18,522 16,670 2/28 18,522 16,10,37,772 2/28 18,522 16,10,37,772 16,10,37,772 2/28 13,230 2/28 13,230 2/28 13,230 2/28 13,230 2/28 13,230 2/28 13,230 2/28 13,230 2/28 13,230 2/28 13,230 2/28 13,230 2/28 13,230 2/2	2/6	7,200		2/13	5,940	2/4	9,080				
2/24 5,890 2/14 13,750 2/14 13,750 End. bal. 26,030 2/28 13,230 2/28 13,230 2/28 2/28 13,230 2/28 18,522 2/28 18,522 2/28 18,522 2/28 18,522 2/28 18,522 2/28 18,522 2/28 18,522 2/28 18,522 2/28 18,522 2/28 18,522 14,13,750 13,770 13,772 12,228 18,522 18,522 12,228 13,230 12,228 13,230 12,228 13,230 12,228 13,230 12,228 13,230 12,228 13,2	2/12	8,110		2/25	7,600	2/13	5,940				
End. bal. 26,030 2/14 19,250 2/28 13,230 Z/28 13,230 2/28 13,230 2/28 13,230 2/28 13,230 2/28 18,522 2/28 18,524 2/28 18,524 2/28 18,524 2/28 18,524 2/28 18,524 2/28 <	2/24	5,890				2/14	13,750				
$ \begin{array}{ c c c c c c c c c c c c c c c c c c c$	End. bal.	26,030				2/14	19,250				
2/28 13,230 2/28 13,230 2/28 13,522 13,230 14,1522 15,222 16,1523 16,1523 16,1523 16,1523 16,1523 16,1523 16,1523 16,1523 16,1523 16,1523 16,1523 16,1523 16,15333 16,15333 16,15333 </td <td></td> <td></td> <td></td> <td></td> <td></td> <td>2/25</td> <td>7,600</td> <td></td> <td></td> <td></td> <td></td>						2/25	7,600				
2/28 18,522 End. bal. 33,802 b Finished Goods Inventory Overhead Beg. bal. 19,200 2/28 89,000 2/28 76,470 a 2/14 19,250 2/28 76,470 a 2/28 18,522 End. bal. 6,670 2/28 18,522 18,522 End. bal. 6,670 2/28 18,522 18,522 End. bal. 6,670 2/28 18,522 18,522 Accounts Receivable Payroll Payable 2/28 13,230 End. bal. 152,400 2/28 13,230 End. bal. 152,400 2/28 89,000 2/28 Sales Cost of Goods Sold 2/28 89,000 4 a \$110,272 - \$33,802 = \$76,470 End. bal. 89,000 4 b Ending Work in Process Inventory: Job AJ-16 Job AJ-15 6,916 Job AJ-16 Job AJ-16 Job AJ-16 Job AJ-16 10,378 Job AJ-16						2/28	13,230				
End. bal. 33,802 b Finished Goods Inventory Overhead Beg. bal. 19,200 2/28 89,000 2/28 76,470 a 2/14 19,250 Z/28 76,470 a 2/14 19,250 Z/28 76,470 a 2/14 19,250 End. bal. 6,670 Image: colored state states						2/28	18,522				
Finished Goods Inventory Beg. bal. 19,200 2/28 89,000 2/14 19,250 2/28 76,470 a a a 2/28 18,522 End. bal. 6,670 a <tha< th=""> a a</tha<>						End. bal.	33,802	b			
Beg. bal. 19,200 2/28 89,000 2/14 19,250 2/28 76,470 a 2/28 18,522 End. bal. 6,670 End. bal. 37,772 Payroll Payable 2/28 152,400 2/14 13,750 End. bal. 152,400 2/28 13,230 End. bal. 152,400 2/28 13,230 Sales Cost of Goods Sold 2/28 89,000 Sales Cost of Goods Sold 2/28 89,000 1 * 110,272 - \$33,802 = \$76,470 End. bal. 89,000 1 * \$110,272 - \$33,802 = \$76,470 End. bal. 89,000 1 * \$110,272 - \$33,802 = \$76,470 5 5 5 * Ending Work in Process Inventory: Job AJ-10 \$7,564 5 5 Job AJ-16 _10,378 Total \$33,802 5 5 * \$13,750 × 140% = \$19,250 * * 5 5		Finished	ods Invento	ry		0	vei	head			
2/28 76,470 a 2/28 18,522 End. bal. 6,670 End. bal. 37,772 Accounts Receivable Payroll Payable 2/28 152,400 2/14 13,750 End. bal. 152,400 2/28 13,230 End. bal. 152,400 2/28 13,230 Sales Cost of Goods Sold 2/28 89,000 Sales Cost of Goods Sold 2/28 89,000 a \$110,272 - \$33,802 = \$76,470 End. bal. 89,000 a a \$110,272 - \$33,802 = \$76,470 End. bal. 89,000 a b Ending Work in Process Inventory: Job AJ-10 \$ 7,564 Job AJ-15 6,916 Job AJ-16 10,378 Total \$33,802 a a c \$13,750 × 140% = \$19,250 a a a a	Beg. bal.	19,200		2/28	89,000				2/14	19,250	C
End. bal. 6,670 End. bal. 37,772 Accounts Receivable Payroll Payable 2/28 152,400 2/14 13,750 End. bal. 152,400 2/28 13,230 End. bal. 152,400 2/28 13,230 Sales Cost of Goods Sold 2/28 2/28 Sales Cost of Goods Sold 2/28 89,000 1 Image: Sales Image: Sales Cost of Goods Sold 1 Image: Sales Image: Sales Cost of Goods Sold 1 Image: Sales Image: Sales Image: Sales 1 1 Image: Sales Image: Sales Image: Sales 1 2 Image: Sales Image: Sales Image: Sales 1 2 Image: Sales Image: Sales Image: Sales 1 2 Image: Sales Image: Sales Image: Sales Image: Sales 1 Image: Sales Image: Sales Image: Sales Image: Sales 1 Image: Sales Image: Sales Image: Sales Image: Sales 1 Image	2/28	76,470	а						2/28	18,522	d
Accounts Receivable Payroll Payable 2/28 152,400 2/14 13,750 End. bal. 152,400 2/28 13,230 End. bal. 152,400 End. bal. 2/28 13,230 Sales Cost of Goods Sold 2/28 26,980 2/28 152,400 2/28 89,000 End. bal. 26,980 2/28 152,400 2/28 89,000 End. bal. 26,980 2/28 152,400 End. bal. 152,400 End. bal. 26,980 2/28 89,000 End. bal. 152,400 End. bal. 89,000 End. a \$110,272 - \$33,802 = \$76,470 End. bal. 89,000 End. End. bal. 10,378 Job AJ-10 \$ 7,564 Image: Signal Si	End. bal.	6,670							End. bal.	37,772	
2/28 152,400		Accour	nts I	Receivable		Payroll Payable					
End. bal. 152,400 2/28 13,230 Sales End. bal. 26,980 2/28 152,400 2/28 89,000 End. bal. 152,400 2/28 89,000 2/28 1 End. bal. 152,400 End. bal. 89,000 2/28 2/28 89,000 End. bal. 89,000 2/28 1 End. bal. 152,400 End. bal. 89,000 2/28 1 Job AJ-10 \$ 7,564 5 5 5 1 Job AJ-15 6,916 5 5 5 1 10,378 5 5 5 5 1 \$33,802 Image: Signal	2/28	152,400							2/14	13,750	
Sales Cost of Goods Sold 2/28 152,400 2/28 89,000	End. bal.	152,400							2/28	13,230	
Sales Cost of Goods Sold 2/28 152,400 2/28 89,000 2 End. bal. 152,400 End. bal. 89,000 a \$110,272 - \$33,802 = \$76,470 End. bal. 89,000 b Ending Work in Process Inventory: <									End. bal.	26,980	
2/28 152,400 2/28 89,000			Sa	les		Cost of Goods Sold					
End. bal. 152,400 End. bal. 89,000 a \$110,272 - \$33,802 = \$76,470 b Ending Work in Process Inventory: Job AJ-10 \$ 7,564 Job AJ-15 6,916 Job AJ-16 10,378 Total \$33,802				2/28	152,400	2/28	89,000				
a \$110,272 - \$33,802 = \$76,470 b Ending Work in Process Inventory: Job AJ-10 \$7,564 Job AJ-14 8,944 Job AJ-15 6,916 Job AJ-16 10,378 Total $$33,802$ c \$13,750 × 140% = \$19,250				End. bal.	152,400	End. bal.	89,000				
b Ending Work in Process Inventory: Job AJ-10 \$ 7,564 Job AJ-14 8,944 Job AJ-15 6,916 Job AJ-16 10,378 Total \$33,802 c \$13,750 × 140% = \$19,250	^a \$110,2	272 – \$33,	802	= \$76,470							
b Ending Work in Process Inventory: Job AJ-10 \$ 7,564 Job AJ-14 8,944 Job AJ-15 6,916 Job AJ-16 10,378 Total \$33,802			_								
Job AJ-10 \$ 7,564 Job AJ-14 8,944 Job AJ-15 6,916 Job AJ-16 10,378 Total \$33,802		g Work in	Pro	cess Inven	itory:						
Job AJ-14 8,944 Job AJ-15 6,916 Job AJ-16 10,378 Total \$33,802	Job A	J-10	\$	7,564							
Job AJ-15 6,916 Job AJ-16 10,378 Total \$33,802 • • • \$13,750 × 140% = \$19,250	Job A	J-14		8,944							
Job AJ-16 10,376 Total \$33,802 ° \$13,750 × 140% = \$19,250	Job A	J-15	4	6,916							
I otal \$33,602 c \$13,750 × 140% = \$19,250	Job A	J-16	<u> </u>	0,370							
^c \$13,750 × 140% = \$19,250	lot	al	4 0	5,002							
	° \$13,7	50 × 140%	= \$	19,250							
^d \$13,230 × 140% = \$18,522	^d \$13,23	30 × 140%	= \$	18,522							

P8. Job Order Cost Flow (Concluded)

2. and 3.

Cos	st o	f ending Wo	ork in Process In	ventory:				
			Direct	Direct				
	Jo	ob No.	Materials	Labor	Overhead	Total		
	A	J-10	\$ 3,220	\$1,810	\$ 2,534	\$ 7,564		
	A	J-14	3,880	2,110	2,954	8,944		
	A	J-15	2,980	1,640	2,296	6,916		
	A	J-16	4,690	2,370	3,318	10,378		
			\$14,770	<u>\$7,930</u>	<u>\$11,102</u>	<u>\$33,802</u>		
Cos	sts	of units cor	npleted:					
Beg	ginr	ning balanc	e, Work in Proces	ss Inventory			\$ 22,900	
Cos	st o	f direct mat	erials, direct labo	or, and overhea	d added during p	eriod	87,372	
Tot	al c	osts includ	ed in Work in Pro	ocess Inventory	1		\$110,272	
Les	s e	nding Work	in Process Inve	ntory			33,802	
Cos	st o	f goods cor	mpleted and trans	sferred			\$ 76,470	
4.	Jo	b AJ-10:						
[March beg	inning balance				\$ 7,564	
		March cos	ts:					
		Direct la	abor				720	
		Overhea	ad (140%)				1,008	
		Total cost					<u>\$ 9,292</u>	
		Product ur	nit cost:					
		¢0 202	/ <u>40 unito</u> –	¢222.20				
		\$ 9,292	/ 40 units =	φ232.30				
	Jo	b AJ-14:						
		March beg	inning balance				\$ 8,944	
	Direct labor							
		Overhea	ad (140%)				1,596	
		Total cost					<u>\$11,680</u>	
		Product ur	nit cost:					
		\$11,680	/ 50 units =	\$233.60				

P9.	Allocation of Over	head						
1.	Gyllstrom Products, Inc.							
	Overhead Rate Computation Schedule							
	For This Year							
			(1)	(2)	(3)			
				Projected	Projection			
				Percentage	This Year			
	Overhead Cost Item		Last Year	Increase	(1 × 2)			
	Indirect materials		\$ 58,000	130%	\$ 75,400			
	Indirect labor		25,000	120%	30,000			
	Supervision		41,000	110%	45,100			
	Utilities		11,200	120%	13,440			
	Labor-related costs		9,000	110%	9,900			
	Depreciation, factory		10,500	110%	11,550			
	Depreciation, mag	chinery	27,000	120%	32,400			
	Property taxes		3,000	120%	3,600			
	Insurance		2,000	120%	2,400			
	Miscellaneous overhead		5,000	110%	5,500			
	Total overhead		<u>\$191,700</u>		\$229,290			
	\$229,290 / 45,858 machine hours = \$5.00 per machine hour							
2.		Machine	Predetermined	Overhead				
	Job No.	Hours	Overhead Rate	Applied				
	H-142	7,840	\$5.00	\$ 39,200				
	H-164	5,260	\$5.00	26,300				
	H-175	8,100	\$5.00	40,500				
	H-201	10,680	\$5.00	53,400				
	H-218	12,310	\$5.00	61,550				
	H-304	2,460	\$5.00	12,300				
	Totals	46,650		\$233,250				
3.	Actual overhead i Overhead applied	\$234,000 						
	Underapplied over	<u>\$750</u>						
	Increase Cost of Goods Sold by \$750 to reflect actual overhead costs.							
	The overhead rate was computed at the beginning of the year. During the year, as products							
	were produced, the overhead rate was used to apply overhead to production. At year end, the Overhead account balance was computed, determined to be underapplied, and closed to the Cost of Goods Sold account so that it would reflect the actual overhead accts of the							
	period.			CHECT THE ACTUAL				

Cost of dire	ect materials	\$17.450
	ψ17, 4 30	
Cost of purchased parts		
Direct labor	r costs:	
\$1	6.50	
<u>×</u>	140 hours	2,310
Overhead c	ost:	
\$2,	310	
×	<u>240</u> %	5,544
Total costs	assigned to the Kent order	<u>\$40,104</u>

П	DUS									
	а.	e president of Hawk Manufacturing. In gen-								
		dent's preferences and try to meet her stand	ards Presidents are usually too busy to							
		read detailed, lengthy reports.								
	b.	The purposes of the memo are to identify sources of waste, to develop performance								
		measures to account for the waste, and to e	liminate the current costs associated with							
	such waste.									
	C.	Information needed: The writer needs to kn	ow information about the sources of waste,							
		specific performance measures that can account for the waste, and the estimated costs								
		associated with such waste.								
		Obtaining the information: Information abo	ut specific performance measures can be							
		provided by the Production and Engineering	Design departments. The Production De-							
		partment can provide information about wor	k that has had to be redone: the tasks per-							
		formed, the individuals involved, the length	of time required, and the quantity and types							
		of materials wasted. The Engineering Design	n Department can provide information							
		about previous work involving the redesign	of products: the tasks performed, the indi-							
		changes required in materials or production	processes.							
		me information about the estimated costs								
		associated with the waste. However, the info	ormation in the problem has limited value.							
		It includes aggregated amounts that provide	e little information about individual sources							
		of waste.								
		Suggested performance measures for the tw	vo sources of waste:							
		Waste	Performance Measures							
		Redoing work in the Production	Number of labor hours or machine hours							
		Department	required to redo the work							
			Number of parts reworked							
		Redesigning products in the Engineering	Number of requests for redesign							
		Design Department	Number of engineering labor hours related							
			to redesigning products that did not							
			meet customer specifications							
	The	ase nonfinancial quantitative performance measures can be multiplied by a cost to osti								
	mat	nate the total cost of waste. The manager, working with an accountant, can design								

C1. Business Communication: Product Costing Systems (Concluded)

Accounting information: The accounting information provided in the problem is not sufficient for the memo because the current product costing system does not isolate costs by source. As a result, it is impossible to identify the costs associated with activities that are wasteful and non-value-adding. The manager, working with an accountant, can design a system to capture this information.

d. The president has allowed two weeks to complete the work. Because the accounting system is inadequate, a significant portion of that time will be needed to gather the estimated costs associated with sources of waste.

2. Outline of the sections in the memo:

MEMORANDUM				
То:	Jordan Smith			
From:	Student's name			
Date:	Today's date			
Topic:	Recommendations for reducing waste in production and engineering design			
I.	Introduction: Purpose of the memo			
II.	Description of two sources of waste			
.	Recommended performance measures to account for the waste			
IV.	Summary of estimated costs associated with the waste			

C2. Group Activity: Job Order Costing

This assignment is designed to develop students' interviewing, data-gathering, and writing skills. Students will identify similarities and differences in the processes, documentation, and recordkeeping practices of small businesses. Some interviewees will be very knowledgeable about the costs of running their businesses. Others will be less familiar with these costs. It is helpful for students to recognize the variations that exist in business practices.

Group students based on the type of business they have selected. Discussion within the groups should focus on the questions in part 5 of the assignment (estimating costs and selling prices, differences in documentation and recordkeeping practices, and students' opinions about the effectiveness of the businesses' accounting processes). Select a few groups to share the main points of their discussion with the class.

C3. Ethical Dilemma: Costing Procedures and Ethics

This is a case of defrauding the federal government. Laws have been broken in this scenario. Roger Parker should report the incident to his superior. He should also tell Harris Johnson to correct the pricing error as soon as possible. Parker has the obligation to work toward a successful solution to the problem. Otherwise, he could face charges as a co-conspirator. If he keeps quiet about an illegal transaction, he becomes a party to that transaction.

C4. Conceptual Understanding: Role of Cost Information in Software Development

There are several reasons for using economic value instead of developer labor cost in the "good enough" measure of performance for software development companies. First, these companies develop products with very short product lives because improvements in computer chips and hardware occur so rapidly. The ability to beat competitors by bringing new software programs to market quickly means the company has a better opportunity of capturing the market demand and making the sale. Second, because software developers' salaries are usually tied to the success of the company's products through employee stock incentives and bonuses, the true cost of salaries cannot be determined until after the product has been on the market. Finally, in emerging companies based on the Internet, it is not a company's profit margin that drives investor interest, but rather a company's growth potential. Thus, the cost standards used by established manufacturing companies, where the time from idea to market is not crucial to a product's success, where labor cost can easily be measured, and where a company's profitability is a good indicator of investor interest, do not apply.

C5. Interpreting Management Reports: Nonfinancial Data

1.	The reduced lead time and increased productivity indicate that the quality of the manufac-					
	turing process improved. The quality of the manufactured engine parts cannot be assessed					
	with these measures. Other performance measures are needed to determine the product's					
	quality.					
2.	To compete effectively, Hawk must be prepared to offer a lower selling price. Hawk could					
	do this and still remain profitable if some of its costs were reduced. Reduced manufacturing					
	costs would allow Hawk to lower its selling price while still remaining profitable.					
-	No. Since the structure of the manufacturing presses did not change significantly, the pred					
3.	No. Since the structure of the manufacturing process did not change significantly, the prod-					
	uct costing system would remain unchanged.					
	Although the product costing system remains unchanged, the amount of costs accumulat					
	in the product costing system will change because the manufacturing process improved.					
	Thus, the product unit cost will change.					
4.	The total manufacturing cost per engine part would decrease because:					
	a. costs of storing inventory will decrease because the inventory level has decreased					
	b. labor and overhead costs will decrease slightly because manufacturing time has de-					
	creased and productivity has increased					
C6.	Continuing Case: Cookie Company					
Thi	s is a fun class activity that takes little class time and generates a lot of course positives.					

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