Test Bank for Managerial Accounting 5th Edition by Whitecotton

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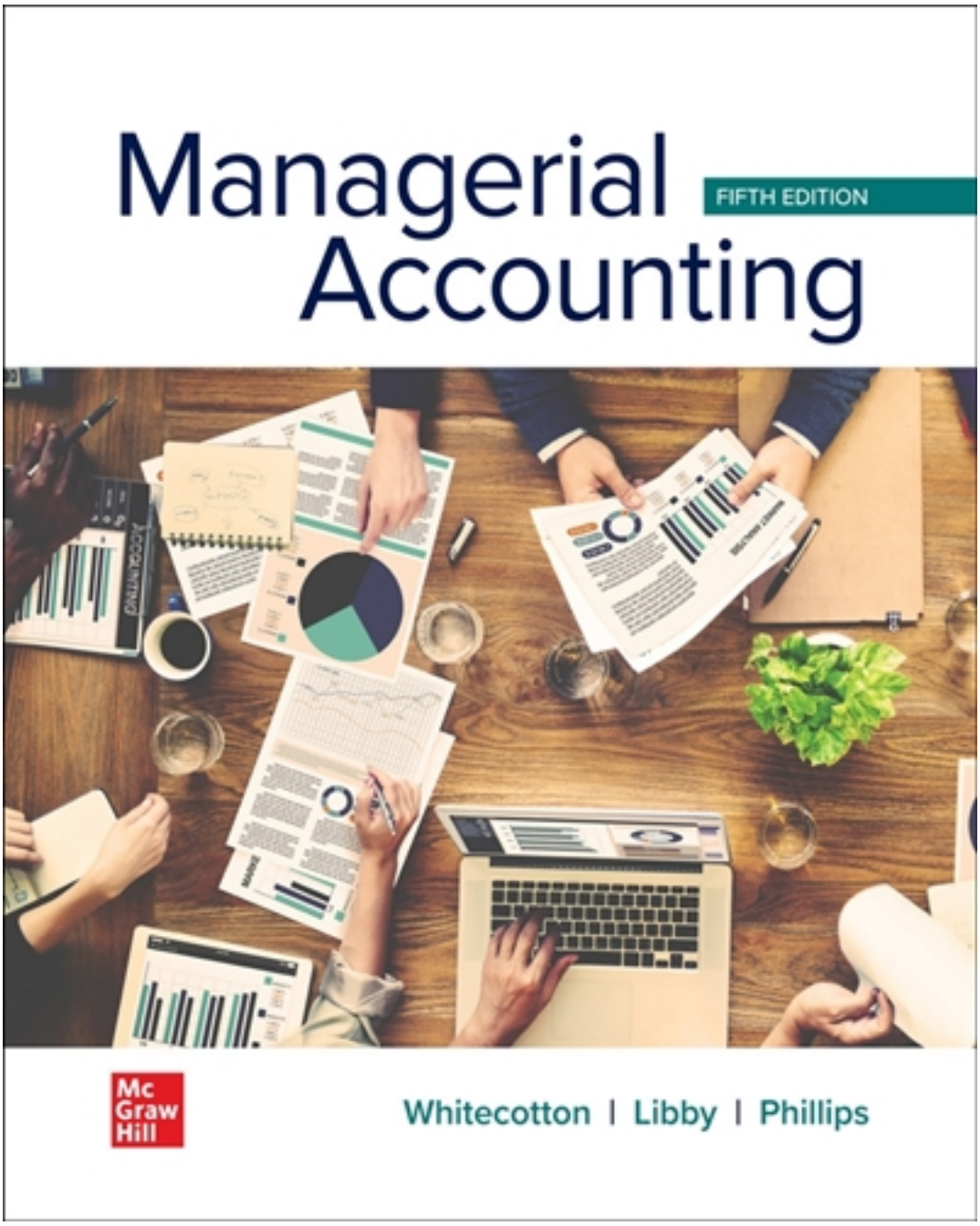

Test Bank

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CORRECT ANSWERS ARE LOCATED IN THE 2ND HALF OF THIS DOC.

TRUE/FALSE - Write 'T' if the statement is true and 'F' if the statement is false.

1) A marketing consulting firm would most likely use process costing.
   - ◎ true
   - ◎ false

2) When job order costing is used, costs are accumulated on a job cost sheet.
   - ◎ true
   - ◎ false

3) Process costing averages the total cost of the process over the number of units produced.
   - ◎ true
   - ◎ false

4) Source documents are used to assign all manufacturing costs to jobs.
   - ◎ true
   - ◎ false

5) A materials requisition form is used to authorize the purchase of direct materials.
   - ◎ true
   - ◎ false

6) A job cost sheet will record the direct materials and direct labor used by the job, but not the manufacturing overhead applied.
   - ◎ true
   - ◎ false

7) A predetermined overhead rate is calculated by dividing the estimated total manufacturing overhead cost by the estimated total cost driver.
   - ◎ true
   - ◎ false

8) Indirect materials are recorded directly on the job cost sheet.
   - ◎ true
   - ◎ false

9) When manufacturing overhead is applied to a job, a credit is made to the Work in Process account.
   - ◎ true
   - ◎ false

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10) The total manufacturing cost for a job includes the amount of applied overhead using the predetermined overhead rate.
- ◎ true
- ◎ false

11) If there is a debit balance in the Manufacturing Overhead account at the end of the period, overhead was underapplied.
- ◎ true
- ◎ false

12) The most common method for disposing of the balance in Manufacturing Overhead is to make a direct adjustment to Cost of Goods Sold.
- ◎ true
- ◎ false

13) To eliminate underapplied overhead at the end of the year, Manufacturing Overhead would be debited and Cost of Goods Sold would be credited.
- ◎ true
- ◎ false

14) The total amount of cost assigned to jobs that were completed during the year is the cost of goods sold.
- ◎ true
- ◎ false

15) In a service firm, the cost associated with time that employees spend on training, paperwork, and supervision is considered part of manufacturing overhead.
- ◎ true
- ◎ false

16) An allocation base should be a cost driver.
- ◎ true
- ◎ false

17) Manufacturing overhead is said to have been overapplied when actual overhead costs exceed applied overhead costs.
- ◎ true
- ◎ false

18) Unlike manufacturing costs, which are recorded in inventory until the product is sold, nonmanufacturing costs are expensed during the period in which they are incurred.
- ◎ true
- ◎ false

MULTIPLE CHOICE - Choose the one alternative that best completes the statement or answers the question.

19) Which of the following types of firms would most likely use process costing?
- A) Superior Auto Body & Repair
- B) Crammond Custom Cabinets
- C) Sunshine Soft Drinks
- D) Jackson & Taylor Tax Service

20) Which of the following types of firms would most likely use job order costing?
- A) Happy-Oh Cereal Company
- B) Huey, Lewey, & Dewey, Attorneys
- C) SoooSweet Beverage
- D) C-5 Cement Company

21) Which of the following is a characteristic of a manufacturing environment that would use job order costing?

- A) Standardized production process
- B) Continuous manufacturing
- C) Homogenous products
- D) Differentiated products

22) Which of the following statements is correct?
- A) Companies must choose to use either job order costing or process costing; there is no overlap between the two systems.
- B) Companies always use job order costing unless it is prohibitively expensive.
- C) Companies always use process costing unless it is prohibitively expensive.
- D) Companies often provide products and services that have both common and unique characteristics, so they may use a blend of job order and process costing.

23) The cost of materials used on a specific job is first captured on which source document?
- A) Cost driver sheet
- B) Materials requisition form
- C) Labor time ticket
- D) Process cost sheet

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24) The source document that captures how much time a worker has spent on various jobs during the period is a:
A) cost driver sheet.
B) materials requisition form.
C) labor time ticket.
D) job cost sheet.

25) All the costs assigned to an individual job are summarized on a:
A) cost driver sheet.
B) job cost sheet.
C) materials requisition form.
D) labor time ticket.

26) A predetermined overhead rate is calculated by dividing:
A) actual manufacturing overhead cost by estimated total cost driver.
B) estimated total cost driver by estimated manufacturing overhead cost.
C) estimated manufacturing overhead cost by actual total cost driver.
D) estimated manufacturing overhead cost by estimated total cost driver.

27) Manufacturing overhead is applied to each job using which formula?
A) Predetermined overhead rate × actual value of the cost driver for the job
B) Predetermined overhead rate × estimated value of the cost driver for the job
C) Actual overhead rate × estimated value of the cost driver for the job
D) Predetermined overhead rate ÷ actual value of the cost driver for the job

28) Manufacturing overhead was estimated to be $629,300 for the year along with an estimated 20,300 direct labor hours. Actual manufacturing overhead was $569,415, and actual labor hours were 21,600. The predetermined manufacturing overhead rate per direct labor hour would be:
A) $31.00.
B) $28.05.
C) $0.06.
D) $27.75.

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29) Manufacturing overhead was estimated to be $400,000 for the year along with an estimated 20,000 direct labor hours. Actual manufacturing overhead was $415,000, and actual labor hours were 21,000. The predetermined manufacturing overhead rate per direct labor hour would be:
A) $20.00.
B) $0.05.
C) $20.75.
D) $19.05.

30) Manufacturing overhead was estimated to be $453,200 for the year along with an estimated 20,600 direct labor hours. Actual manufacturing overhead was $433,630, and actual labor hours were 21,000. The amount of manufacturing overhead applied to production would be:
A) $433,630.
B) $603,750.
C) $453,200.
D) $462,000.

31) Manufacturing overhead was estimated to be $400,000 for the year along with an estimated 20,000 direct labor hours. Actual manufacturing overhead was $415,000, and actual labor hours were 21,000. The amount of manufacturing overhead applied to production would be:
A) $415,000.
B) $420,000.
C) $435,750.
D) $400,000.

32) Manufacturing overhead was estimated to be $400,000 for the year along with an estimated 20,000 direct labor hours. Actual manufacturing overhead was $215,000, and actual labor hours were 21,600. The predetermined overhead rate per direct labor hour would be:
A) $12.24.
B) $20.00.
C) $1.08.
D) $10.75.

33) Manufacturing overhead was estimated to be $200,000 for the year along with an estimated 20,000 direct labor hours. Actual manufacturing overhead was $215,000, and actual labor hours were 21,000. The predetermined overhead rate per direct labor hour would be:
A) $10.00.
B) $1.05.
C) $10.75.
D) $10.24.

34) Manufacturing overhead was estimated to be $467,500 for the year along with an estimated 27,500 direct labor hours. Actual manufacturing overhead was $515,625 and actual labor hours were 29,000. The amount of manufacturing overhead applied to production would be:
A) $515,625.
B) $543,750.
C) $467,500.
D) $493,000.

35) Manufacturing overhead was estimated to be $200,000 for the year along with an estimated 20,000 direct labor hours. Actual manufacturing overhead was $215,000, and actual labor hours were 21,000. The amount of manufacturing overhead applied to production would be:
A) $200,000.
B) $215,000.
C) $210,000.
D) $225,750.

36) Manufacturing overhead was estimated to be $356,400 for the year along with an estimated 29,700 direct labor hours. Actual manufacturing overhead was $556,875 and actual direct labor hours were 30,600. The predetermined overhead rate per direct labor hour would be:
A) $17.25.
B) $18.20.
C) $11.65.
D) $12.00.

37) Manufacturing overhead was estimated to be $500,000 for the year along with an estimated 20,000 direct labor hours. Actual manufacturing overhead was $450,000, and actual direct labor hours were 19,000. The predetermined overhead rate per direct labor hour would be:
A) $22.50.
B) $25.00.
C) $23.68.
D) $26.32.

38) Manufacturing overhead was estimated to be $360,000 for the year along with an estimated 24,000 direct labor hours. Actual manufacturing overhead was $282,000 and actual direct labor hours were 25,700. The amount of manufacturing overhead applied to production would be:
A) $217,900.
B) $360,000.
C) $385,500.
D) $282,000.

39) Manufacturing overhead was estimated to be $500,000 for the year along with an estimated 20,000 direct labor hours. Actual manufacturing overhead was $450,000, and actual direct labor hours were 19,000. The amount of manufacturing overhead applied to production would be:

A) $500,000.
B) $450,000.
C) $427,500.
D) $475,000.

40) Kilt Company had the following information for the year:

Direct materials used	$ 119,300
Direct labor incurred (5,750 hours)	159,700
Actual manufacturing overhead incurred	167,500

Kilt Company used a predetermined overhead rate of $41 per direct labor hour for the year and estimated that direct labor hours would total 6,325 hours. Assume the only inventory balance is an ending Work in Process balance of $17,500. How much overhead was applied during the year?

A) $235,750
B) $119,300
C) $159,700
D) $167,500

41) Kilt Company had the following information for the year:

Direct materials used	$ 110,000
Direct labor incurred (5,000 hours)	150,000
Actual manufacturing overhead incurred	166,000

Kilt Company used a predetermined overhead rate of $42.00 per direct labor hour for the year and estimated that direct labor hours would total 5,500 hours. Assume the only inventory balance is an ending Work in Process balance of $17,000. How much overhead was applied during the year?

A) $231,000
B) $150,000
C) $166,000
D) $210,000

42) Sawyer Company had the following information for the year:

Direct materials used	$ 199,900
Direct labor incurred (7,600 hours)	245,000
Actual manufacturing overhead incurred	275,900

Sawyer Company used a predetermined overhead rate using estimated overhead of $356,700 and 8,700 estimated direct labor hours. Assume the only inventory balance is an ending Finished Goods balance of $9,700. How much overhead was applied during the year?

A) $245,000
B) $275,900
C) $311,600
D) $356,700

43) Sawyer Company had the following information for the year:

Direct materials used	$ 190,000
Direct labor incurred (7,000 hours)	245,000
Actual manufacturing overhead incurred	273,000

Sawyer Company used a predetermined overhead rate using estimated overhead of $320,000 and 8,000 estimated direct labor hours. Assume the only inventory balance is an ending Finished Goods balance of $9,000. How much overhead was applied during the year?

A) $245,000
B) $273,000
C) $280,000
D) $320,000

44) Jackson Company had the following information for the year:

Direct materials used	$ 303,100
Direct labor incurred (9,300 hours)	253,400
Actual manufacturing overhead incurred	346,200

Jackson Company used a predetermined overhead rate using estimated overhead of $336,000 and 8,000 estimated direct labor hours. Assume the only inventory balance is an ending Finished Goods balance of $19,400. How much overhead was applied during the year?

A) $390,600
B) $336,000
C) $346,200
D) $253,400

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45) Jackson Company had the following information for the year:

Direct materials used	$ 295,000
Direct labor incurred (9,000 hours)	245,000
Actual manufacturing overhead incurred	343,000

Jackson Company used a predetermined overhead rate using estimated overhead of $320,000 and 8,000 estimated direct labor hours. Assume the only inventory balance is an ending Finished Goods balance of $19,000. How much overhead was applied during the year?

A) $245,000
B) $343,000
C) $360,000
D) $320,000

46) Which of the following accounts represents the cost of materials purchased but not yet issued to production?

A) Raw Materials Inventory
B) Work in Process Inventory
C) Finished Goods Inventory
D) Cost of Goods Sold

47) Which of the following accounts represents the accumulated costs of incomplete jobs?

A) Raw Materials Inventory

B) Work in Process Inventory
C) Finished Goods Inventory
D) Cost of Goods Sold

48) Which of the following accounts represents the cost of jobs completed but not yet sold?

A) Raw Materials Inventory
B) Work in Process Inventory
C) Finished Goods Inventory
D) Cost of Goods Sold

49) Which of the following accounts represents the cost of jobs sold during the period?

A) Raw Materials Inventory
B) Work in Process Inventory
C) Finished Goods Inventory
D) Cost of Goods Sold

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50) When manufacturing overhead is applied to production, which of the following accounts is credited?
A) Raw Materials Inventory
B) Work in Process Inventory
C) Finished Goods Inventory
D) Manufacturing Overhead

51) When materials are purchased, which of the following accounts is debited?
A) Raw Materials Inventory
B) Work in Process Inventory
C) Finished Goods Inventory
D) Cost of Goods Sold

52) When direct materials are used in production, which of the following accounts is debited?
A) Raw Materials Inventory
B) Work in Process Inventory
C) Finished Goods Inventory
D) Cost of Goods Sold

53) When direct materials are used in production (as noted by a materials requisition form), which of the following accounts is credited?

A) Raw Materials Inventory
B) Work in Process Inventory
C) Finished Goods Inventory
D) Cost of Goods Sold

54) When units are completed, the cost associated with the job is credited to which account?
A) Raw Materials Inventory
B) Work in Process Inventory
C) Finished Goods Inventory
D) Cost of Goods Sold

55) When units are sold, the cost associated with the units is credited to which account?
A) Raw Materials Inventory
B) Work in Process Inventory
C) Finished Goods Inventory
D) Cost of Goods Sold

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56) When units are completed, the cost associated with the job is debited to which account?
A) Raw Materials Inventory
B) Work in Process Inventory
C) Finished Goods Inventory
D) Cost of Goods Sold

57) When units are sold, the cost associated with the units is debited to which account?
A) Raw Materials Inventory
B) Work in Process Inventory
C) Finished Goods Inventory
D) Cost of Goods Sold

58) When materials are placed into production:
A) Raw Materials Inventory is debited if the materials are traced directly to the job.
B) Work in Process Inventory is debited if the materials are traced directly to the job.
C) Manufacturing Overhead is debited if the materials are traced directly to the job.
D) Raw Materials Inventory is credited only if the materials are traced directly to the job, otherwise Manufacturing Overhead is credited.

59) If materials being placed into production are not traced to a specific job, debit:
A) Raw Materials Inventory.

B) Work in Process Inventory.
C) Manufacturing Overhead.
D) Cost of Goods Sold.

60) In recording the purchase of materials that are not traced to any specific job, which of the following is correct?
A) Raw Materials Inventory would be debited.
B) Work in Process Inventory would be debited.
C) Manufacturing Overhead would be credited.
D) Manufacturing Overhead would be debited.

61) Which of the following would be used to record the labor cost that is traceable to a specific job?
A) Raw Materials Inventory would be debited.
B) Work in Process Inventory would be debited.
C) Manufacturing Overhead would be debited.
D) Manufacturing Overhead would be credited.

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62) Which of the following would be used to record the labor cost that is not traceable to a specific job?
A) Raw Materials Inventory would be debited.
B) Work in Process Inventory would be debited.
C) Manufacturing Overhead would be debited.
D) Manufacturing Overhead would be credited.

63) Which of the following would be used to record the usage of indirect manufacturing resources?
A) Raw Materials Inventory would be debited.
B) Work in Process Inventory would be debited.
C) Manufacturing Overhead would be debited.
D) Manufacturing Overhead would be credited.

64) Which of the following would be used to record the depreciation of manufacturing equipment?
A) Raw Materials Inventory would be debited.
B) Work in Process Inventory would be debited.
C) Manufacturing Overhead would be debited.
D) Manufacturing Overhead would be credited.

65) Which of the following would be used to record the property taxes on a factory building?
A) Raw Materials Inventory would be debited.
B) Work in Process Inventory would be debited.
C) Manufacturing Overhead would be debited.
D) Manufacturing Overhead would be credited.

66) Which of the following would be used to record the factory supervisor's salary?
A) Raw Materials Inventory would be debited.
B) Work in Process Inventory would be debited.
C) Manufacturing Overhead would be debited.
D) Manufacturing Overhead would be credited.

67) Which of the following would be used to apply manufacturing overhead to production for the period?
A) Raw Materials Inventory would be debited.
B) Work in Process Inventory would be debited.
C) Manufacturing Overhead would be debited.
D) Work in Process Inventory would be credited.

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68) Which of the following would be used to apply manufacturing overhead to production for the period?
A) Credit to Raw Materials Inventory.
B) Credit to Work in Process Inventory.
C) Debit to Manufacturing Overhead.
D) Credit to Manufacturing Overhead.

69) Which of the following would be used to transfer the cost of completed goods during the period to the Finished Goods account?
A) Credit to Raw Materials Inventory.
B) Credit to Work in Process Inventory.
C) Debit to Manufacturing Overhead.
D) Credit to Manufacturing Overhead.

70) If a company uses a predetermined overhead rate, which of the following statements is correct?
A) Manufacturing Overhead will be debited for estimated overhead.
B) Work in Process Inventory will be credited for estimated overhead.
C) Manufacturing Overhead will be debited for actual overhead.
D) Manufacturing Overhead will be credited for actual overhead.

71) Which of the following accounts is not affected by applied manufacturing overhead?
A) Raw Materials Inventory
B) Work in Process Inventory
C) Finished Goods Inventory
D) Cost of Goods Sold

72) Manufacturing overhead was estimated to be $453,200 for the year along with an estimated 20,600 direct labor hours. Actual manufacturing overhead was $416,800, and actual labor hours were 21,000. The amount debited to the Manufacturing Overhead account would be:
A) $453,200.
B) $462,000.
C) $443,300.
D) $416,800.

73) Manufacturing overhead was estimated to be $400,000 for the year along with an estimated 20,000 direct labor hours. Actual manufacturing overhead was $415,000, and actual labor hours were 21,000. The amount debited to the Manufacturing Overhead account would be:
A) $400,000.
B) $415,000.
C) $420,000.
D) $435,750.

74) Manufacturing overhead was estimated to be $459,800 for the year along with an estimated 20,900 direct labor hours. Actual manufacturing overhead was $418,600, and actual labor hours were 21,000. The amount credited to the Manufacturing Overhead account would be:
A) $459,800.
B) $418,600.
C) $462,000.
D) $443,700.

75) Manufacturing overhead was estimated to be $400,000 for the year along with an estimated 20,000 direct labor hours. Actual manufacturing overhead was $415,000, and actual labor hours were 21,000. The amount credited to the Manufacturing Overhead account would be:
A) $415,000.
B) $420,000.
C) $435,750.
D) $400,000.

76) Manufacturing overhead was estimated to be $188,100 for the year along with an estimated 20,900 direct labor hours. Actual manufacturing overhead was $224,000, and actual labor hours were 21,800. The amount debited to the Manufacturing Overhead account would be:
A) $196,200.
B) $188,100.
C) $233,400.
D) $224,000.

77) Manufacturing overhead was estimated to be $200,000 for the year along with an estimated 20,000 direct labor hours. Actual manufacturing overhead was $215,000, and actual labor hours were 21,000. The amount debited to the Manufacturing Overhead account would be:
A) $200,000.
B) $215,000.
C) $210,000.
D) $225,750.

78) Manufacturing overhead was estimated to be $231,000 for the year along with an estimated 21,000 direct labor hours. Actual manufacturing overhead was $220,000, and actual labor hours were 22,000. The amount credited to the Manufacturing Overhead account would be:
A) $220,000.
B) $242,000.
C) $231,000.
D) $227,750.

79) Manufacturing overhead was estimated to be $200,000 for the year along with an estimated 20,000 direct labor hours. Actual manufacturing overhead was $215,000, and actual labor hours were 21,000. The amount credited to the Manufacturing Overhead account would be:
A) $200,000.
B) $215,000.
C) $210,000.
D) $225,750.

80) Overhead was estimated to be $265,200 for the year along with an estimated 20,400 direct labor hours. Actual overhead was $228,100, and actual direct labor hours were 19,800. The amount debited to the Manufacturing Overhead account would be:
A) $228,100.
B) $224,200.
C) $257,400.
D) $265,200.

81) Overhead was estimated to be $250,000 for the year along with an estimated 20,000 direct labor hours. Actual overhead was $225,000, and actual direct labor hours were 19,000. The amount debited to the Manufacturing Overhead account would be:
A) $250,000.
B) $225,000.
C) $213,750.
D) $237,500.

82) Manufacturing overhead was estimated to be $235,750 for the year along with an estimated 20,500 direct labor hours. Actual manufacturing overhead was $230,200, and actual direct labor hours were 19,300. The amount credited to the Manufacturing Overhead account would be:
A) $235,750.
B) $230,200.
C) $214,400.
D) $221,950.

83) Manufacturing overhead was estimated to be $250,000 for the year along with an estimated 20,000 direct labor hours. Actual manufacturing overhead was $225,000, and actual direct labor hours were 19,000. The amount credited to the Manufacturing Overhead account would be:
A) $250,000.
B) $225,000.
C) $213,750.
D) $237,500.

84) Overhead costs are overapplied if the amount of overhead debited to Work in Process is:
A) greater than estimated overhead.
B) less than estimated overhead.
C) greater than actual overhead incurred.
D) less than actual overhead incurred.

85) Overhead costs are underapplied if the amount of overhead debited to Work in Process is:
A) greater than estimated overhead.
B) less than estimated overhead.
C) greater than actual overhead incurred.
D) less than actual overhead incurred.

86) Manufacturing overhead was estimated to be $355,300 for the year along with an estimated 20,900 direct labor hours. Actual manufacturing overhead was $375,000, and actual direct labor hours were 22,500. Which of the following would be correct?
A) Overhead is overapplied by $7,500.
B) Overhead is underapplied by $7,500.
C) Overhead is overapplied by $19,700.
D) Overhead is underapplied by $19,700.

87) Manufacturing overhead was estimated to be $400,000 for the year along with an estimated 20,000 direct labor hours. Actual manufacturing overhead was $415,000, and actual direct labor hours were 21,000. Which of the following would be correct?
A) Overhead is underapplied by $15,000.
B) Overhead is underapplied by $5,000.
C) Overhead is overapplied by $5,000.
D) Overhead is overapplied by $15,000.

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88) Manufacturing overhead was estimated to be $197,600 for the year along with an estimated 20,800 direct labor hours. Actual manufacturing overhead was $186,000, and actual direct labor hours were 19,200. Which of the following would be correct?
A) Overhead is underapplied by $39,900.
B) Overhead is underapplied by $3,600.
C) Overhead is overapplied by $14,500.
D) Overhead is overapplied by $39,900.

89) Manufacturing overhead was estimated to be $200,000 for the year along with an estimated 20,000 direct labor hours. Actual manufacturing overhead was $215,000, and actual direct labor hours were 21,000. Which of the following would be correct?
A) Overhead is underapplied by $15,000.
B) Overhead is underapplied by $5,000.
C) Overhead is overapplied by $5,000.
D) Overhead is overapplied by $15,000.

90) Manufacturing overhead was estimated to be $320,850 for the year along with an estimated 20,700 direct labor hours. Actual manufacturing overhead was $282,700, and actual direct labor hours were 19,200. Which of the following would be correct?
A) Overhead is underapplied by $26,400.
B) Overhead is underapplied by $14,900.
C) Overhead is overapplied by $14,900.
D) Overhead is overapplied by $26,400.

91) Manufacturing overhead was estimated to be $250,000 for the year along with an estimated 20,000 direct labor hours. Actual manufacturing overhead was $225,000, and actual direct labor hours were 19,000. Which of the following would be correct?
A) Overhead is underapplied by $25,000.
B) Overhead is underapplied by $12,500.
C) Overhead is overapplied by $12,500.
D) Overhead is overapplied by $25,000.

92) The most common method for disposing of over- or underapplied overhead is to:
A) recalculate the overhead rate for the period.
B) recalculate the overhead rate for the next period.
C) make a direct adjustment to Work in Process Inventory.
D) make a direct adjustment to Cost of Goods Sold.

93) When disposed of, overapplied manufacturing overhead will:
A) increase Cost of Goods Sold.
B) increase Finished Goods.
C) decrease Cost of Goods Sold.
D) decrease Finished Goods.

94) When disposed of, underapplied manufacturing overhead will:
A) increase Cost of Goods Sold.
B) increase Finished Goods.
C) decrease Cost of Goods Sold.
D) decrease Finished Goods.

95) Underapplied overhead means:
A) too little overhead was applied to raw materials.
B) actual overhead is less than estimated overhead.
C) Finished Goods Inventory will need to be credited.
D) there is a debit balance remaining in the Manufacturing Overhead account.

96) Manufacturing overhead was estimated to be $345,100 for the year along with an estimated 20,300 direct labor hours. Actual manufacturing overhead was $385,000, and actual direct labor hours were 23,500. To dispose of the balance in the Manufacturing Overhead account, which of the following would be correct?
A) Cost of Goods Sold would be debited for $39,900.
B) Cost of Goods Sold would be credited for $14,500.
C) Cost of Goods Sold would be credited for $39,900.
D) Cost of Goods Sold would be debited for $14,500.

97) Manufacturing overhead was estimated to be $400,000 for the year along with an estimated 20,000 direct labor hours. Actual manufacturing overhead was $415,000, and actual direct labor hours were 21,000. To dispose of the balance in the Manufacturing Overhead account, which of the following would be correct?
A) Cost of Goods Sold would be credited for $15,000.
B) Cost of Goods Sold would be credited for $5,000.
C) Cost of Goods Sold would be debited for $5,000.
D) Cost of Goods Sold would be debited for $15,000.

98) Manufacturing overhead was estimated to be $426,300 for the year along with an estimated 20,300 direct labor hours. Actual manufacturing overhead was $440,000, and actual direct labor hours were 21,500. To dispose of the balance in the Manufacturing Overhead account, which of the following would be correct?
A) Manufacturing Overhead would be debited for $11,500.
B) Manufacturing Overhead would be credited for $13,700.
C) Manufacturing Overhead would be credited for $11,500.
D) Manufacturing Overhead would be debited for $13,700.

99) Manufacturing overhead was estimated to be $400,000 for the year along with an estimated 20,000 direct labor hours. Actual manufacturing overhead was $415,000, and actual direct labor hours were 21,000. To dispose of the balance in the Manufacturing Overhead account, which of the following would be correct?
A) Manufacturing Overhead would be credited for $5,000.
B) Manufacturing Overhead would be credited for $20,000.
C) Manufacturing Overhead would be debited for $5,000.
D) Manufacturing Overhead would be debited for $20,000.

100) Manufacturing overhead was estimated to be $200,600 for the year along with an estimated 20,060 direct labor hours. Actual manufacturing overhead was $216,800, and actual direct labor hours were 21,060. To dispose of the balance in the Manufacturing Overhead account, which of the following would be correct?
A) Cost of Goods Sold would be credited for $6,200.
B) Cost of Goods Sold would be credited for $16,200.
C) Cost of Goods Sold would be debited for $6,200.
D) Cost of Goods Sold would be debited for $16,200.

101) Manufacturing overhead was estimated to be $200,000 for the year along with an estimated 20,000 direct labor hours. Actual manufacturing overhead was $215,000, and actual direct labor hours were 21,000. To dispose of the balance in the Manufacturing Overhead account, which of the following would be correct?
A) Cost of Goods Sold would be credited for $15,000.
B) Cost of Goods Sold would be credited for $5,000.
C) Cost of Goods Sold would be debited for $5,000.
D) Cost of Goods Sold would be debited for $15,000.

102) Manufacturing overhead was estimated to be $316,200 for the year along with an estimated 20,400 direct labor hours. Actual manufacturing overhead was $320,000, and actual direct labor hours were 20,200. To dispose of the balance in the Manufacturing Overhead account, which of the following would be correct?

A) Manufacturing Overhead would be credited for $6,900.
B) Manufacturing Overhead would be credited for $14,600.
C) Manufacturing Overhead would be debited for $10,600.
D) Manufacturing Overhead would be debited for $14,600.

103) Manufacturing overhead was estimated to be $200,000 for the year along with an estimated 20,000 direct labor hours. Actual manufacturing overhead was $215,000, and actual direct labor hours were 21,000. To dispose of the balance in the Manufacturing Overhead account, which of the following would be correct?

A) Manufacturing Overhead would be credited for $5,000.
B) Manufacturing Overhead would be credited for $15,000.
C) Manufacturing Overhead would be debited for $5,000.
D) Manufacturing Overhead would be debited for $15,000.

104) Manufacturing overhead was estimated to be $265,200 for the year along with an estimated 20,400 direct labor hours. Actual manufacturing overhead was $244,500, and actual direct labor hours were 19,800. To dispose of the balance in the Manufacturing Overhead account, which of the following would be correct?

A) Cost of Goods Sold would be credited for $27,600.
B) Cost of Goods Sold would be credited for $12,900.
C) Cost of Goods Sold would be debited for $12,900.
D) Cost of Goods Sold would be debited for $27,600.

105) Manufacturing overhead was estimated to be $250,000 for the year along with an estimated 20,000 direct labor hours. Actual manufacturing overhead was $225,000, and actual direct labor hours were 19,000. To dispose of the balance in the Manufacturing Overhead account, which of the following would be correct?

A) Cost of Goods Sold would be credited for $25,000.
B) Cost of Goods Sold would be credited for $12,500.
C) Cost of Goods Sold would be debited for $12,500.
D) Cost of Goods Sold would be debited for $25,000.

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106) Manufacturing overhead was estimated to be $188,100 for the year along with an estimated 20,900 direct labor hours. Actual manufacturing overhead was $162,500, and actual direct labor hours were 19,000. To dispose of the balance in the Manufacturing Overhead account, which of the following would be correct?

A) Manufacturing Overhead would be credited for $8,500.
B) Manufacturing Overhead would be credited for $8,600.
C) Manufacturing Overhead would be debited for $8,500.
D) Manufacturing Overhead would be debited for $8,600.

107) Manufacturing overhead was estimated to be $250,000 for the year along with an estimated 20,000 direct labor hours. Actual manufacturing overhead was $225,000, and actual direct labor hours were 19,000. To dispose of the balance in the Manufacturing Overhead account, which of the following would be correct?

A) Manufacturing Overhead would be credited for $12,500.
B) Manufacturing Overhead would be credited for $25,000.
C) Manufacturing Overhead would be debited for $12,500.
D) Manufacturing Overhead would be debited for $25,000.

108) Cost of goods manufactured is the amount of cost transferred:

A) out of Finished Goods Inventory and into Cost of Goods Sold.
B) out of Finished Goods Inventory and into Work in Process Inventory.
C) out of Work in Process Inventory and into Manufacturing Overhead.
D) out of Work in Process Inventory and into Finished Goods Inventory.

109) Cost of goods completed is the same as:

A) cost of goods sold.
B) work in process inventory.
C) cost of goods manufactured.
D) finished goods inventory.

110) The cost of goods manufactured report includes all of the following **except**:

A) direct materials used.
B) direct labor.
C) actual manufacturing overhead.
D) applied manufacturing overhead.

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111) The current manufacturing costs appearing in the cost of goods manufactured report include _____ direct labor, _____ direct materials, and _____ manufacturing overhead.

A) actual; actual; applied
B) actual; actual; actual
C) estimated; actual; applied
D) estimated; estimated; applied

112) Cost of goods sold is the amount of cost transferred:

A) out of Finished Goods Inventory and into Cost of Goods Sold.
B) out of Work in Process Inventory and into Cost of Goods Sold.
C) out of Work in Process Inventory and into Manufacturing Overhead.
D) out of Work in Process Inventory and into Finished Goods Inventory.

113) Ragtime Company had the following information for the year:

Direct materials used	$ 118,500
Direct labor incurred (4,900 hours)	151,400
Actual manufacturing overhead incurred	171,000
Beginning Work in Process Inventory	0
Ending Work in Process Inventory	17,100
Beginning Finished Goods Inventory	0
Ending Finished Goods Inventory	0

Ragtime Company used a predetermined overhead rate of $39 per direct labor hour for the year. What was the cost of goods manufactured?

A) $440,900
B) $269,900
C) $450,000
D) $443,900

114) Ragtime Company had the following information for the year:

Direct materials used	$ 110,000
Direct labor incurred (5,000 hours)	150,000
Actual manufacturing overhead incurred	166,000
Beginning Work in Process Inventory	0
Ending Work in Process Inventory	17,000
Beginning Finished Goods Inventory	0
Ending Finished Goods Inventory	0

Ragtime Company used a predetermined overhead rate of $35 per direct labor hour for the year. What was the cost of goods manufactured?

A) $260,000
B) $426,000
C) $435,000
D) $418,000

115) Ragtime Company had the following information for the year:

Direct materials used	$ 117,300
Direct labor incurred (5,700 hours)	153,100
Actual manufacturing overhead incurred	200,000
Beginning Work in Process Inventory	0
Ending Work in Process Inventory	17,300
Beginning Finished Goods Inventory	0
Ending Finished Goods Inventory	0

Ragtime Company used a predetermined overhead rate of $37 per direct labor hour for the year. What was the adjusted cost of goods sold?

A) $453,100
B) $479,700
C) $470,400
D) $464,000

116) Ragtime Company had the following information for the year:

Direct materials used	$ 110,000
Direct labor incurred (5,000 hours)	150,000
Actual manufacturing overhead incurred	166,000
Beginning Work in Process Inventory	0
Ending Work in Process Inventory	17,000
Beginning Finished Goods Inventory	0
Ending Finished Goods Inventory	0

Ragtime Company used a predetermined overhead rate of $35 per direct labor hour for the year. What was the adjusted cost of goods sold?

A) $435,000
B) $426,000
C) $418,000
D) $409,000

117) Sawyer Company had the following information for the year:

Direct materials used	$ 195,400
Direct labor incurred (7,800 hours)	250,300
Actual manufacturing overhead incurred	282,600
Beginning Work in Process Inventory	0
Ending Work in Process Inventory	0
Beginning Finished Goods Inventory	0
Ending Finished Goods Inventory	9,900

Sawyer Company used a predetermined overhead rate based on estimated overhead of $368,000 and 8,000 estimated direct labor hours. What was the cost of goods manufactured?

A) $728,300
B) $804,500
C) $794,600
D) $813,700

118) Sawyer Company had the following information for the year:

Direct materials used	$ 190,000
Direct labor incurred (7,000 hours)	245,000
Actual manufacturing overhead incurred	273,000
Beginning Work in Process Inventory	0
Ending Work in Process Inventory	0
Beginning Finished Goods Inventory	0
Ending Finished Goods Inventory	9,000

Sawyer Company used a predetermined overhead rate based on estimated overhead of $320,000 and 8,000 estimated direct labor hours. What was the cost of goods manufactured?

A) $715,000
B) $708,000
C) $755,000
D) $706,000

119) Sawyer Company had the following information for the year:

Direct materials used	$ 199,700
Direct labor incurred (7,600 hours)	245,300
Actual manufacturing overhead incurred	325,000
Beginning Work in Process Inventory	0
Ending Work in Process Inventory	0
Beginning Finished Goods Inventory	0
Ending Finished Goods Inventory	9,900

Sawyer Company used a predetermined overhead rate based on estimated overhead of $382,800 and 8,700 estimated direct labor hours. What was the adjusted cost of goods sold?

A) $779,400
B) $770,000
C) $760,100
D) $769,500

120) Sawyer Company had the following information for the year:

Direct materials used	$ 190,000
Direct labor incurred (7,000 hours)	245,000
Actual manufacturing overhead incurred	273,000
Beginning Work in Process Inventory	0
Ending Work in Process Inventory	0
Beginning Finished Goods Inventory	0
Ending Finished Goods Inventory	9,000

Sawyer Company used a predetermined overhead rate based on estimated overhead of $320,000 and 8,000 estimated direct labor hours. What was the adjusted cost of goods sold?

A) $715,000
B) $708,000
C) $706,000
D) $699,000

121) Jenkins Company had the following information for the year:

Direct materials used	$ 299,500
Direct labor incurred (9,150 hours)	251,100
Actual manufacturing overhead incurred	347,200
Beginning Work in Process Inventory	0
Ending Work in Process Inventory	0
Beginning Finished Goods Inventory	0
Ending Finished Goods Inventory	19,300

Jenkins Company used a predetermined overhead rate based on estimated overhead of $388,800 and 8,100 estimated direct labor hours. What was the cost of goods manufactured?

A) $897,800
B) $920,100
C) $989,800
D) $939,400

122) Jenkins Company had the following information for the year:

Direct materials used	$ 295,000
Direct labor incurred (9,000 hours)	245,000
Actual manufacturing overhead incurred	343,000
Beginning Work in Process Inventory	0
Ending Work in Process Inventory	0
Beginning Finished Goods Inventory	0
Ending Finished Goods Inventory	19,000

Jenkins Company used a predetermined overhead rate based on estimated overhead of $320,000 and 8,000 estimated direct labor hours. What was the cost of goods manufactured?

A) $841,000
B) $860,000
C) $883,000
D) $900,000

123) Jenkins Company had the following information for the year:

Direct materials used	$ 299,900
Direct labor incurred (9,000 hours)	246,500
Actual manufacturing overhead incurred	435,000
Beginning Work in Process Inventory	0
Ending Work in Process Inventory	0
Beginning Finished Goods Inventory	0
Ending Finished Goods Inventory	19,100

Jenkins Company used a predetermined overhead rate based on estimated overhead of $411,600 and 8,400 estimated direct labor hours. What was adjusted cost of goods sold?

A) $981,400
B) $987,400
C) $968,300
D) $962,300

124) Jenkins Company had the following information for the year:

Direct materials used	$ 295,000
Direct labor incurred (9,000 hours)	245,000
Actual manufacturing overhead incurred	343,000
Beginning Work in Process Inventory	0
Ending Work in Process Inventory	0
Beginning Finished Goods Inventory	0
Ending Finished Goods Inventory	19,000

Jenkins Company used a predetermined overhead rate based on estimated overhead of $320,000 and 8,000 estimated direct labor hours. What was adjusted cost of goods sold?

A) $900,000
B) $883,000
C) $881,000
D) $864,000

125) McGown Corporation has the following information:

	Beginning Inventory (1/1)	Ending Inventory (12/31)
Raw Materials Inventory	$ 23,500	$ 37,300
Work in Process Inventory	18,400	27,400
Finished Goods Inventory	36,000	27,200

Additional information for the year is as follows:

Raw materials purchases	$ 105,600
Direct labor	81,100
Manufacturing overhead applied	86,400
Indirect materials	0

Compute the direct materials used in production.

A) $23,500
B) $37,300
C) $91,800
D) $119,400

126) McGown Corporation has the following information:

	Beginning Inventory (1/1)	Ending Inventory (12/31)
Raw Materials Inventory	$ 20,000	$ 30,000
Work in Process Inventory	15,000	18,000
Finished Goods Inventory	30,000	20,000

Additional information for the year is as follows:

Raw materials purchases	$ 100,000
Direct labor	75,000
Manufacturing overhead applied	80,000
Indirect materials	0

Compute the direct materials used in production.

A) $20,000
B) $30,000
C) $110,000
D) $90,000

127) McGown Corporation has the following information:

	Beginning Inventory (1/1)	Ending Inventory (12/31)
Raw Materials Inventory	$ 29,600	$ 32,600
Work in Process Inventory	24,400	18,400
Finished Goods Inventory	37,100	21,400

Additional information for the year is as follows:

Raw materials purchases	$ 106,500
Direct labor	80,300
Manufacturing overhead applied	85,300
Indirect materials	0

Compute the total current manufacturing costs.

A) $86,600
B) $76,900
C) $269,100
D) $272,100

128) McGown Corporation has the following information:

	Beginning Inventory (1/1)	Ending Inventory (12/31)
Raw Materials Inventory	$ 20,000	$ 30,000
Work in Process Inventory	15,000	18,000
Finished Goods Inventory	30,000	20,000

Additional information for the year is as follows:

Raw materials purchases	$ 100,000
Direct labor	75,000
Manufacturing overhead applied	80,000
Indirect materials	0

Compute the total current manufacturing costs.

A) $245,000
B) $255,000
C) $65,000
D) $68,000

129) McGown Corporation has the following information:

	Beginning Inventory (1/1)	Ending Inventory (12/31)
Raw Materials Inventory	$ 24,500	$ 34,600
Work in Process Inventory	16,700	27,300
Finished Goods Inventory	37,400	22,800

Additional information for the year is as follows:

Raw materials purchases	$ 101,300
Direct labor	82,900
Manufacturing overhead applied	88,500
Indirect materials	0

Compute the cost of goods manufactured.

A) $248,000
B) $252,000
C) $273,200
D) $285,400

130) McGown Corporation has the following information:

	Beginning Inventory (1/1)	Ending Inventory (12/31)
Raw Materials Inventory	$ 20,000	$ 30,000
Work in Process Inventory	15,000	18,000
Finished Goods Inventory	30,000	20,000

Additional information for the year is as follows:

Raw materials purchases	$ 100,000
Direct labor	75,000
Manufacturing overhead applied	80,000
Indirect materials	0

Compute the cost of goods manufactured.

A) $248,000
B) $242,000
C) $265,000
D) $235,000

131) McGown Corporation has the following information:

	Beginning Inventory (1/1)	Ending Inventory (12/31)
Raw Materials Inventory	$ 20,000	$ 30,000
Work in Process Inventory	15,000	18,000
Finished Goods Inventory	30,000	20,000

Additional information for the year is as follows:

Raw materials purchases	$ 100,000
Direct labor	75,000
Manufacturing overhead applied	80,000
Indirect materials	0

Compute the unadjusted cost of goods sold.

A) $242,000
B) $255,000
C) $252,000
D) $133,000

132) McGown Corporation has the following information:

	Beginning Inventory (1/1)	Ending Inventory (12/31)
Raw Materials Inventory	$ 20,000	$ 30,000
Work in Process Inventory	15,000	18,000
Finished Goods Inventory	30,000	20,000

Additional information for the year is as follows:

Raw materials purchases	$ 100,000
Direct labor	75,000
Manufacturing overhead applied	80,000
Indirect materials	0

Compute the unadjusted cost of goods sold.

A) $133,000
B) $242,000
C) $252,000
D) $255,000

133) Santos Incorporated had the following information for the preceding year:

	Beginning Inventory (1/1)	Ending Inventory (12/31)
Raw Materials Inventory	$ 41,000	$ 30,300
Work in Process Inventory	42,000	??
Finished Goods Inventory	34,300	??

Additional information for the year is as follows:

Direct materials used	$ 200,000
Direct labor	157,200
Manufacturing overhead applied	160,200
Cost of goods manufactured	531,200
Cost of goods sold	551,300

What was the ending Work in Process Inventory balance on 12/31?

A) $28,200
B) $57,400
C) $15,400
D) $62,100

134) Santos Incorporated had the following information for the preceding year:

	Beginning Inventory (1/1)	Ending Inventory (12/31)
Raw Materials Inventory	$ 40,000	$ 30,000
Work in Process Inventory	35,000	??
Finished Goods Inventory	30,000	??

Additional information for the year is as follows:

Direct materials used	$ 200,000
Direct labor	150,000
Manufacturing overhead applied	160,000
Cost of goods manufactured	525,000
Cost of goods sold	544,000

What was the ending Work in Process Inventory balance on 12/31?

A) $20,000
B) $11,000
C) $50,000
D) $54,000

135) Santos Incorporated had the following information for the preceding year:

	Beginning Inventory (1/1)	Ending Inventory (12/31)
Raw Materials Inventory	$ 45,600	$ 32,500
Work in Process Inventory	37,900	??
Finished Goods Inventory	33,200	??

Additional information for the year is as follows:

Direct materials used	$ 209,300
Direct labor	158,500
Manufacturing overhead applied	162,200
Cost of goods manufactured	525,200
Unadjusted cost of goods sold	544,000

What was the ending Finished Goods Inventory balance on 12/31?

A) $56,700
B) $67,800
C) $14,400
D) $42,700

136) Santos Incorporated had the following information for the preceding year:

	Beginning Inventory (1/1)	Ending Inventory (12/31)
Raw Materials Inventory	$ 40,000	$ 30,000
Work in Process Inventory	35,000	??
Finished Goods Inventory	30,000	??

Additional information for the year is as follows:

Direct materials used	$ 200,000
Direct labor	150,000
Manufacturing overhead applied	160,000
Cost of goods manufactured	525,000
Unadjusted cost of goods sold	544,000

What was the ending Finished Goods Inventory balance on 12/31?

A) $20,000
B) $11,000
C) $50,000
D) $54,000

137) Mendez Incorporated had the following information for the preceding year:

	Beginning Inventory (1/1)	Ending Inventory (12/31)
Work in Process Inventory	$??	$ 41,000
Finished Goods Inventory	??	$ 31,700

Additional information for the year is as follows:

Direct materials used	$ 203,700
Direct labor	151,400
Manufacturing overhead applied	162,700
Cost of goods manufactured	531,100
Cost of goods sold	553,200

What was the beginning Work in Process Inventory balance on 1/1?

A) $72,700
B) $53,800
C) $54,300
D) $78,700

138) Mendez Incorporated had the following information for the preceding year:

	Beginning Inventory (1/1)	Ending Inventory (12/31)
Work in Process Inventory	$??	$ 35,000
Finished Goods Inventory	??	$ 30,000

Additional information for the year is as follows:

Direct materials used	$ 200,000
Direct labor	150,000
Manufacturing overhead applied	160,000
Cost of goods manufactured	525,000
Cost of goods sold	544,000

What was the beginning Work in Process Inventory balance on 1/1?

A) $49,000
B) $65,000
C) $50,000
D) $69,000

139) Mendez Incorporated had the following information for the preceding year:

	Beginning Inventory (1/1)	Ending Inventory (12/31)
Work in Process Inventory	$??	$ 48,000
Finished Goods Inventory	??	$ 43,000

Additional information for the year is as follows:

Direct materials used	$ 265,000
Direct labor	215,000
Manufacturing overhead applied	225,000
Cost of goods manufactured	590,000
Unadjusted cost of goods sold	609,000

What was the beginning Finished Goods Inventory balance on 1/1?

A) $62,000
B) $78,000
C) $63,000
D) $82,000

140) Mendez Incorporated had the following information for the preceding year:

	Beginning Inventory (1/1)	Ending Inventory (12/31)
Work in Process Inventory	$??	$ 35,000
Finished Goods Inventory	??	$ 30,000

Additional information for the year is as follows:

Direct materials used	$ 200,000
Direct labor	150,000
Manufacturing overhead applied	160,000
Cost of goods manufactured	525,000
Unadjusted cost of goods sold	544,000

What was the beginning Finished Goods Inventory balance on 1/1?

A) $49,000
B) $65,000
C) $50,000
D) $69,000

141) Job order cost systems for companies that compete in, for example, the green building arena should reflect:

A) only costs in dollars.

B) only sustainability-related metrics.
C) both costs of materials in dollars and sustainability-related metrics.
D) neither costs of materials in dollars nor sustainability-related metrics.

142) To incorporate sustainability into the cost of goods manufactured report, include information on all of the following **except**:

A) the cost of direct materials used compared to standard (unsustainable) materials.
B) indirect labor rates.
C) source information for direct materials used.
D) sustainability benchmarking information for peer companies.

143) Which of the following is **not** correct regarding service firms?

A) Each client or account is equivalent to a process in a process costing firm.
B) The accounting system will track the time and resources spent serving a specific client or account.
C) Managers of service firms need cost information to price their services, to budget and control costs, and to determine the profitability of different types of clients.
D) The primary driver used to assign costs is billable hours.

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144) Service firms:
A) tend to use a lot of direct materials in addition to billable hours.
B) tend to incur few indirect costs that cannot be traced to specific clients or accounts.
C) assign indirect costs to individual clients or accounts based on an allocation base such as billable hours.
D) use process costing to assign costs to individual clients or accounts.

145) Optimum Finance Incorporated provides budget, savings, and investment services to clients who want a stress-free financial lifestyle. The company customizes a program for each client based on their individual goals that includes budget recommendations, investment counseling, and savings techniques. The company uses a job order cost system that keeps track of the cost of the amount of time financial consultants spend with each client. Optimum applies all indirect operating costs (e.g., rent, utilities, and management salaries) as a percentage of the consultant's labor cost. During the most recent year, the firm estimated that it would pay $400,000 to its consultants and incur indirect operating costs of $620,000. Actual consultant labor costs were $430,000 and actual indirect operating costs were $595,000. What is the predetermined overhead rate that Optimum will use for the current year?
A) $1.55 per dollar of consultant labor cost.
B) $1.38 per dollar of consultant labor cost.
C) $.65 per dollar of consultant labor cost.
D) $1.49 per dollar of consultant labor cost.

146) Optimum Finance Incorporated provides budget, savings, and investment services to clients who want a stress-free financial lifestyle. The company customizes a program for each client based on their individual goals that includes budget recommendations, investment counseling, and savings techniques. The company uses a job order cost system that keeps track of the cost of the amount of time financial consultants spend with each client. Optimum applies all indirect operating costs (e.g., rent, utilities, and management salaries) as a percentage of the consultant's labor cost. During the most recent year, the firm estimated that it would pay $500,000 to its consultants and incur indirect operating costs of $750,000. Actual consultant labor costs were $537,500 and actual indirect operating costs were $725,000. What is the predetermined overhead rate that Optimum will use for the current year?
A) $1.50 per dollar of consultant labor cost
B) $1.35 per dollar of consultant labor cost
C) $0.67 per dollar of consultant labor cost
D) $1.45 per dollar of consultant labor cost

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147) Optimum Finance Incorporated provides budget, savings, and investment services to clients who want a stress-free financial lifestyle. The company customizes a program for each client based on their individual goals that includes budget recommendations, investment counseling, and savings techniques. The company uses a job order cost system that keeps track of the cost of the amount of time financial consultants spend with each client. Optimum applies all indirect operating costs (e.g., rent, utilities, and management salaries) as a percentage of the consultant's labor cost. During the most recent year, the firm estimated that it would pay $250,000 to its consultants and incur indirect operating costs of $300,000. Actual consultant labor costs were $268,750 and actual indirect operating costs were $275,000. During the year, Optimum provided 36 hours of consulting services to Robert Howard for which Optimum pays an average of $18 per hour. What is the total cost of providing services to Robert?

A) $1,426.
B) $1,188.
C) $1,361.
D) $1,311.

148) Optimum Finance Incorporated provides budget, savings, and investment services to clients who want a stress-free financial lifestyle. The company customizes a program for each client based on their individual goals that includes budget recommendations, investment counseling, and savings techniques. The company uses a job order cost system that keeps track of the cost of the amount of time financial consultants spend with each client. Optimum applies all indirect operating costs (e.g., rent, utilities, and management salaries) as a percentage of the consultant's labor cost. During the most recent year, the firm estimated that it would pay $500,000 to its consultants and incur indirect operating costs of $750,000. Actual consultant labor costs were $537,500 and actual indirect operating costs were $725,000. During the year, Optimum provided 64 hours of consulting services to Robert Howard for which Optimum pays an average of $18 per hour. What is the total cost of providing services to Robert?

A) $2,707
B) $2,822
C) $1,924
D) $2,880

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149) Optimum Finance Incorporated provides budget, savings, and investment services to clients who want a stress-free financial lifestyle. The company customizes a program for each client based on their individual goals that includes budget recommendations, investment counseling, and savings techniques. The company uses a job order cost system that keeps track of the cost of the amount of time financial consultants spend with each client. Optimum applies all indirect operating costs (e.g., rent, utilities, and management salaries) as a percentage of the consultant's labor cost. During the most recent year, the firm estimated that it would pay $650,000 to its consultants and incur indirect operating costs of $1,332,500. Actual consultant labor costs were $698,750 and actual indirect operating costs were $1,307,500. During the year, Optimum provided 46 hours of consulting services to Joan Clair for which Optimum pays an average of $28 per hour. What is the total cost of providing services to Joan?

A) $3,879.
B) $1,916.
C) $3,928.
D) $3,698.

150) Optimum Finance Incorporated provides budget, savings, and investment services to clients who want a stress-free financial lifestyle. The company customizes a program for each client based on their individual goals that includes budget recommendations, investment counseling, and savings techniques. The company uses a job order cost system that keeps track of the cost of the amount of time financial consultants spend with each client. Optimum applies all indirect operating costs (e.g., rent, utilities, and management salaries) as a percentage of the consultant's labor cost. During the most recent year, the firm estimated that it would pay $500,000 to its consultants and incur indirect operating costs of $750,000. Actual consultant labor costs were $537,500 and actual indirect operating costs were $725,000. During the year, Optimum provided 42 hours of consulting services to Joan Clair for which Optimum pays an average of $20 per hour. What is the total cost of providing services to Joan?

A) $2,100
B) $1,974
C) $2,058
D) $1,403

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151) Manufacturers that make products that have some similarities and some differences among models would most likely use which type of cost system?
A) Job order costing
B) Process costing
C) Operations costing
D) Model costing

152) All of the following could be a source document for a company that uses an electronic cost system **except**:
A) emails.
B) bar codes.
C) radio-frequency identification (RFID).
D) quick response (QR) codes.

153) A measure that causes or influences the amount of manufacturing overhead cost incurred is called:
A) operations costing.
B) an allocation setter.
C) a cost driver.
D) a source document.

154) Materials that cannot be directly or conveniently traced to a specific unit or job are called:
A) direct materials.
B) indirect materials.
C) underapplied overhead.
D) raw materials.

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Answer Key

Test name: Chapter 02

1) FALSE
A marketing consulting firm is more likely to use job order costing, which is used by companies that offer customized or unique products or services.

2) TRUE
A job cost sheet is used for each unique job, project, or customer under a job order cost system.

3) TRUE
Process costing breaks the production process down into its basic steps, or processes, and then averages the total cost of the process over the number of units produced.

4) FALSE
Direct materials and direct labor are assigned to jobs using source documents such as a materials requisition form and a labor time ticket. However, manufacturing overhead is applied using a predetermined overhead rate.

5) FALSE

A materials requisition form is used to control the physical flow of materials out of inventory and into production and to record the cost of raw materials in the accounting system.

6) FALSE
A job cost sheet summarizes all of the costs incurred on a specific job, not just direct materials and direct labor.

7) TRUE
A predetermined overhead rate is calculated by dividing the estimated total manufacturing overhead cost by the estimated total cost driver.

8) FALSE
Indirect materials are not recorded directly to the job cost sheet or Work in Process Inventory. Rather, these indirect costs are accumulated in the Manufacturing Overhead account and will be assigned to the product using the predetermined overhead rate.

9) FALSE
Applied manufacturing overhead is debited (not credited) to Work in Process Inventory. The credit is to the Manufacturing Overhead account.

10) TRUE
The total manufacturing cost is based on direct materials, direct labor, and the amount of overhead applied using the predetermined overhead rate.

11) TRUE
If there is a debit balance in the Manufacturing Overhead account at the end of the period, the actual overhead is greater than applied overhead; therefore, overhead was underapplied.

12) TRUE
The most common method for disposing of the balance in Manufacturing Overhead is to make a direct adjustment to Cost of Goods Sold. Doing so makes sense as long as most of the jobs worked on during the period were completed and sold.

13) FALSE
If manufacturing overhead is underapplied during the year, Manufacturing Overhead will need to be credited to bring the account balance to zero, while Cost of Goods Sold will be debited.

14) FALSE
The total amount of cost assigned to jobs that were completed during the year is the cost of goods manufactured, not the cost of goods sold.

15) TRUE
Service firms incur many indirect costs that cannot be traced to specific clients or accounts. Examples include the nonbillable time that employees spend on training, paperwork, and supervision. These indirect costs are treated just like manufacturing overhead in a factory.

16) TRUE
Ideally, the allocation base should be a cost driver, or a measure that causes or influences the amount of manufacturing overhead cost incurred.

17) FALSE
If manufacturing overhead is overapplied during the year, actual overhead costs end up being less than applied overhead costs.

18) TRUE
Nonmanufacturing costs are not accumulated in inventory accounts.

19) C
Process costing is used by companies that make or complete standardized or homogeneous products or services, such as a soft drink company.

20) B
Job order costing is used in companies that offer customized or unique products or services, such as a law firm.

21) D
Job order costing is used in companies that offer customized or unique products or services.

22) D
Some companies use a hybrid approach called "operations costing," which is a blend of process costing (for the common processes) and job order costing (for the unique components).

23) B
The materials requisition form lists the quantity and cost of the direct materials used on a specific job.

24) C
A direct labor time ticket shows how much time a worker has spent on various jobs each week, as well as the cost of that time.

25) B
The job cost sheet is a document that summarizes all of the costs incurred on a specific job.

26) D
The formula to calculate the predetermined overhead rate is the estimated total manufacturing overhead cost divided by the estimated total cost driver.

27) A
Apply manufacturing overhead to each job by multiplying the predetermined overhead rate by the actual value of the cost driver for the job.

28) A
$629,300 ÷ 20,300 = $31.00. Divide total estimated manufacturing overhead by the estimated total cost driver for the year to calculate the predetermined manufacturing overhead rate.

29) A
$400,000 ÷ 20,000 = $20.00. Divide total estimated manufacturing overhead by the estimated total cost driver for the year to calculate the predetermined manufacturing overhead rate.

30) D

Calculate the predetermined overhead rate of $22.00 per direct labor hour by dividing total estimated manufacturing overhead by the estimated total cost driver for the year ($453,200 ÷ 20,600 = $22.00). Apply manufacturing overhead at the predetermined rate, multiplied by the actual direct labor hours ($22.00 × 21,000 = $462,000).

31) B
Calculate the predetermined overhead rate of $20.00 per direct labor hour by dividing total estimated manufacturing overhead by the estimated total cost driver for the year ($400,000 ÷ 20,000 = $20.00). Apply manufacturing overhead at the predetermined rate, multiplied by the actual direct labor hours ($20.00 × 21,000 = $420,000).

32) B
Divide total estimated manufacturing overhead by the estimated total cost driver for the year to calculate the predetermined manufacturing overhead rate ($400,000 ÷ 20,000 = $20.00).

33) A
Divide total estimated manufacturing overhead by the estimated total cost driver for the year to calculate the predetermined manufacturing overhead rate ($200,000 ÷ 20,000 = $10.00).

34) D

Calculate the predetermined overhead rate of $17.00 by dividing total estimated manufacturing overhead by the estimated total cost driver for the year ($467,500 ÷ 27,500 = $17.00). Multiply the predetermined manufacturing overhead rate ($17.00) by the actual number of direct labor hours (29,000) to calculate applied manufacturing overhead ($17.00 × 29,000 = $493,000).

35) C
Calculate the predetermined overhead rate of $10.00 by dividing total estimated manufacturing overhead by the estimated total cost driver for the year ($200,000 ÷ 20,000 = $10.00). Multiply the predetermined manufacturing overhead rate ($10.00) by the actual number of direct labor hours (21,000) to calculate applied manufacturing overhead ($10.00 × 21,000 = $210,000).

36) D
Divide total estimated manufacturing overhead by the estimated total cost driver for the year to calculate the predetermined manufacturing overhead rate ($356,400 ÷ 29,700 = $12.00).

37) B
Divide total estimated manufacturing overhead by the estimated total cost driver for the year to calculate the predetermined manufacturing overhead rate ($500,000 ÷ 20,000 = $25.00).

38) C

Calculate the predetermined overhead rate of $15.00 by dividing total estimated manufacturing overhead by the estimated total cost driver for the year. ($360,000 ÷ 24,000 = $15.00) Multiply the predetermined manufacturing overhead rate ($15.00) by the actual number of direct labor hours (25,700) to calculate applied manufacturing overhead ($15.00 × 25,700 = $385,500).

39) D
Calculate the predetermined overhead rate of $25.00 by dividing total estimated manufacturing overhead by the estimated total cost driver for the year ($500,000 ÷ 20,000 = $25.00). Multiply the predetermined manufacturing overhead rate ($25.00) by the actual number of direct labor hours (19,000) to calculate applied manufacturing overhead ($25.00 × 19,000 = $475,000).

40) A
Multiply the predetermined overhead rate by the actual number of direct labor hours incurred to calculate the applied manufacturing overhead ($41.00 × 5,750 = $235,750).

41) D
Multiply the predetermined overhead rate by the actual number of direct labor hours incurred to calculate the applied manufacturing overhead ($42.00 × 5,000 = $210,000).

42) C

Calculate predetermined overhead rate of $41.00 by dividing total estimated overhead by total estimated direct labor hours ($356,700 ÷ 8,700 = $41.00). Multiply the predetermined manufacturing overhead rate by the actual number of direct labor hours incurred to calculate applied overhead ($41.00 × 7,600 = $311,600).

43) C
Calculate predetermined overhead rate of $40.00 by dividing total estimated overhead by total estimated direct labor hours ($320,000 ÷ 8,000 = $40.00). Multiply the predetermined manufacturing overhead rate by the actual number of direct labor hours incurred to calculate applied overhead ($40.00 × 7,000 = $280,000).

44) A
Calculate the predetermined overhead rate of $42.00 by dividing estimated total manufacturing overhead by the estimated total cost driver ($336,000 ÷ 8,000 = $42.00). Multiply the predetermined manufacturing overhead rate of $42.00 by the actual number of direct labor hours (9,300) to calculate applied overhead ($42.00 × 9,300 = $390,600).

45) C

Calculate the predetermined overhead rate of $40.00 by dividing estimated total manufacturing overhead by the estimated total cost driver ($320,000 ÷ 8,000 = $40.00). Multiply the predetermined manufacturing overhead rate of $40.00 by the actual number of direct labor hours (9,000) to calculate applied overhead ($40.00 × 9,000 = $360,000).

46) A
Raw Materials Inventory represents the cost of materials purchased from suppliers but not yet used in production.

47) B
Work in Process Inventory represents the total cost of jobs that are still in process at any point in time.

48) C
Once goods are finished, their costs are transferred out of Work in Process Inventory and into Finished Goods Inventory where they remain until they are sold.

49) D
Once a job is sold, its total cost is transferred out of Finished Goods Inventory and into Cost of Goods Sold.

50) D
When manufacturing overhead is applied to production, Work in Process Inventory is debited and Manufacturing Overhead is credited.

51) A
When materials are purchased, they are initially recorded in Raw Materials Inventory with a debit to the account.

52) B
When direct materials are used in production, the cost is transferred from Raw Materials Inventory (with a credit) to Work in Process Inventory (with a debit).

53) A
When direct materials are used in production, the cost is transferred from Raw Materials Inventory (with a credit) to Work in Process Inventory (with a debit).

54) B
When a job is completed, its cost is transferred from Work in Process Inventory (with a credit) to Finished Goods Inventory (with a debit).

55) C
When units are sold, their cost is transferred from Finished Goods Inventory (with a credit) to Cost of Goods Sold (with a debit).

56) C
When a job is completed, its cost is transferred from Work in Process Inventory (with a credit) to Finished Goods Inventory (with a debit).

57) D
When units are sold, their cost is transferred from Finished Goods Inventory (with a credit) to Cost of Goods Sold (with a debit).

58) B
When direct materials are placed into production, the cost is transferred from Raw Materials Inventory (with a credit) to Work in Process Inventory (with a debit). In addition to the direct materials, Raw Materials Inventory will also be credited (decreased) for indirect materials and Manufacturing Overhead will be debited (increased) for indirect materials.

59) C
When indirect materials are placed into production, the cost is transferred from Raw Materials Inventory (with a credit) to Manufacturing Overhead (with a debit).

60) A
When materials are purchased, the cost is recorded with a debit to Raw Materials Inventory regardless of whether the materials are considered direct or indirect.

61) B
As direct labor costs are incurred, they are recorded with a debit to Work in Process Inventory.

62) C
Actual indirect labor costs are accumulated on the debit side of the Manufacturing Overhead account.

63) C
All actual indirect manufacturing costs are accumulated in the Manufacturing Overhead account on the debit side of the account. The Raw Materials Inventory account would be credited.

64) C
Actual indirect manufacturing costs, including depreciation of manufacturing equipment, are accumulated in the Manufacturing Overhead account on the debit side of the account.

65) C
Actual indirect manufacturing costs, including property taxes on a factory, are accumulated in the Manufacturing Overhead account on the debit side of the account.

66) C
Actual indirect manufacturing costs, including the factory supervisor's salary, are accumulated in the Manufacturing Overhead account on the debit side of the account.

67) B
When manufacturing overhead is applied to production, Work in Process Inventory is debited and the Manufacturing Overhead account is credited.

68) D
When manufacturing overhead is applied to production, Work in Process Inventory is debited and Manufacturing Overhead is credited.

69) B
When a job is completed, its total manufacturing cost is transferred out of Work in Process Inventory with a credit and into Finished Goods Inventory with a debit.

70) C
Actual manufacturing overhead costs are accumulated on the debit side of the Manufacturing Overhead account.

71) A
Manufacturing overhead is applied to Work in Process Inventory; the cost moves to Finished Goods Inventory when goods are completed and to Cost of Goods Sold when they are sold. The Raw Materials Inventory account is not affected.

72) D
Actual manufacturing overhead costs are debited to the Manufacturing Overhead account.

73) B
Actual manufacturing overhead costs are debited to the Manufacturing Overhead account.

74) C

The applied overhead would be credited to the Manufacturing Overhead account. First, calculate the predetermined overhead rate by dividing estimated total manufacturing overhead by estimated total direct labor hours ($459,800 ÷ 20,900 = $22.00). Then calculate the applied manufacturing overhead by multiplying the predetermined overhead rate by the actual number of direct labor hours ($22.00 × 21,000 = $462,000). Credit the amount to Manufacturing Overhead.

75) B
The applied overhead would be credited to the Manufacturing Overhead account. First, calculate the predetermined overhead rate by dividing estimated total manufacturing overhead by estimated total direct labor hours ($400,000 ÷ 20,000 = $20.00). Then calculate the applied manufacturing overhead by multiplying the predetermined overhead rate by the actual number of direct labor hours ($20.00 × 21,000 = $420,000). Credit the amount to Manufacturing Overhead.

76) D
Actual manufacturing overhead costs of $224,000 are accumulated on the debit side of the Manufacturing Overhead account.

77) B
Actual manufacturing overhead costs of $215,000 are accumulated on the debit side of the Manufacturing Overhead account.

78) B
The applied overhead would be credited to the Manufacturing Overhead account. First, calculate the predetermined overhead rate by dividing estimated total manufacturing overhead by estimated total direct labor hours ($231,000 ÷ 21,000 = $11.00). Then apply manufacturing overhead by multiplying the predetermined overhead rate by the actual number of direct labor hours ($11.00 × 22,000 = $242,000). Credit the amount to Manufacturing Overhead.

79) C
The applied overhead would be credited to the Manufacturing Overhead account. First, calculate the predetermined overhead rate by dividing estimated total manufacturing overhead by estimated total direct labor hours ($200,000 ÷ 20,000 = $10.00). Then apply manufacturing overhead by multiplying the predetermined overhead rate by the actual number of direct labor hours ($10.00 × 21,000 = $210,000). Credit the amount to Manufacturing Overhead.

80) A
Actual manufacturing overhead costs of $228,100 are debited to the Manufacturing Overhead account.

81) B

Actual manufacturing overhead costs of $225,000 are debited to the Manufacturing Overhead account.

82) D
The applied overhead would be credited to the Manufacturing Overhead account. First, calculate the predetermined overhead rate by dividing total estimated manufacturing overhead by total estimated direct labor hours ($235,750 ÷ 20,500 = $11.5). Then apply manufacturing overhead by multiplying the predetermined overhead rate by the actual direct labor hours ($11.5 × 19,300 = $221,950). Credit the amount to Manufacturing Overhead.

83) D
The applied overhead would be credited to the Manufacturing Overhead account. First, calculate the predetermined overhead rate by dividing total estimated manufacturing overhead by total estimated direct labor hours ($250,000 ÷ 20,000 = $12.50). Then apply manufacturing overhead by multiplying the predetermined overhead rate by the actual direct labor hours ($12.50 × 19,000 = $237,500). Credit the amount to Manufacturing Overhead.

84) C
Overhead costs are overapplied if the amount applied is more than the actual overhead costs incurred.

85) D
Overhead costs are underapplied if the amount applied is less than the actual overhead costs incurred.

86) A
Calculate the predetermined overhead rate by dividing the estimated total manufacturing overhead by the estimated total direct labor hours ($355,300 ÷ 20,900 = $17.00). Apply manufacturing overhead by multiplying the predetermined rate by the actual total direct labor hours ($17.00 × 22,500 = $382,500). Since the applied overhead ($382,500) is greater than the actual overhead ($375,000), the $7,500 difference represents overapplied overhead.

87) C
Calculate the predetermined overhead rate by dividing the estimated total manufacturing overhead by the estimated total direct labor hours ($400,000 ÷ 20,000 = $20.00). Apply manufacturing overhead by multiplying the predetermined rate by the actual total direct labor hours ($20.00 × 21,000 = $420,000). Since the applied overhead ($420,000) is greater than the actual overhead ($415,000), the $5,000 difference represents overapplied overhead.

88) B

Calculate the predetermined overhead rate by dividing the estimated total manufacturing overhead by the estimated total direct labor hours ($197,600 ÷ 20,800 = $9.5). Apply manufacturing overhead by multiplying the predetermined rate by the actual total direct labor hours ($9.5 × 19,200 = $182,400). Since the applied overhead ($182,400) is less than the actual overhead ($186,000), the $3,600 difference represents underapplied overhead.

89) B
Calculate the predetermined overhead rate by dividing the estimated total manufacturing overhead by the estimated total direct labor hours ($200,000 ÷ 20,000 = $10.00). Apply manufacturing overhead by multiplying the predetermined rate by the actual total direct labor hours ($10.00 × 21,000 = $210,000). Since the applied overhead ($210,000) is less than the actual overhead ($215,000), the $5,000 difference represents underapplied overhead.

90) C
Calculate the predetermined overhead rate by dividing total estimated manufacturing overhead costs by total estimated direct labor costs ($320,850 ÷ 20,700 = $15.50). Apply manufacturing overhead by multiplying the predetermined overhead rate by the actual number of direct labor hours ($15.50 × 19,200 = $297,600). Since the applied overhead ($297,600) is greater than the actual overhead ($282,700), the $14,900 difference represents overapplied overhead.

91) C
Calculate the predetermined overhead rate by dividing total estimated manufacturing overhead costs by total estimated direct labor costs ($250,000 ÷ 20,000 = $12.50). Apply manufacturing overhead by multiplying the predetermined overhead rate by the actual number of direct labor hours ($12.50 × 19,000 = $237,500). Since the applied overhead ($237,500) is greater than the actual overhead ($225,000), the $12,500 difference represents overapplied overhead.

92) D
The most common method for disposing of the balance in Manufacturing Overhead is to transfer the balance to Cost of Goods Sold.

93) C
If manufacturing overhead is overapplied, Cost of Goods Sold should be adjusted downward since too much overhead was charged to the goods during the period.

94) A
If manufacturing overhead is underapplied, Cost of Goods Sold should be adjusted upward since not enough overhead was charged to the goods during the period.

95) D

Applied overhead is credited to the Manufacturing Overhead account, and actual overhead is debited to the account. If there is a debit balance, then overhead was underapplied.

96) B
Calculate the predetermined overhead rate by dividing total estimated manufacturing overhead by total estimated direct labor hours ($345,100 ÷ 20,300 = $17.00). Apply manufacturing overhead by multiplying the predetermined overhead rate by the actual number of direct labor hours ($17.00 × 23,500 = $399,500). The amount of overhead applied ($399,500) on the credit side of the Manufacturing Overhead account exceeds the actual overhead costs ($385,000) on the debit side of the Manufacturing Overhead account, so the overhead is overapplied with a credit balance of ($14,500 ($399,500 − $385,000). The most common way of correcting this is with a direct charge, in this case, a debit, to the Manufacturing Overhead account to close it out and an offsetting credit to Cost of Goods Sold.

97) B
Calculate the predetermined overhead rate by dividing total estimated manufacturing overhead by total estimated direct labor hours ($400,000 ÷ 20,000 = $20.00). Apply manufacturing overhead by multiplying the predetermined overhead rate by the actual number of direct labor hours ($20.00 × 21,000 = $420,000). The amount of overhead applied ($420,000) on the credit side of the Manufacturing Overhead account exceeds the actual overhead costs ($415,000) on the debit side of the Manufacturing Overhead account, so the overhead is overapplied with a credit balance of $5,000 ($420,000 − $415,000). The most common way of correcting this is with a direct charge, in this case, a debit, to the Manufacturing Overhead account to close it out and an offsetting credit to Cost of Goods Sold.

98) A
Calculate the predetermined overhead rate by dividing the total estimated manufacturing overhead by the estimated direct labor hours ($426,300 ÷ 20,300 = $21.00). Apply manufacturing overhead by multiplying the predetermined overhead rate by the actual number of direct labor hours ($21.00 × 21,500 = $451,500). The amount of overhead applied ($451,500) on the credit side of the Manufacturing Overhead account exceeds the actual overhead costs ($440,000) on the debit side of the Manufacturing Overhead account, so the overhead is overapplied with a credit balance of $11,500 ($451,500 − $440,000). This amount is debited to Manufacturing Overhead to close the account and credited to Cost of Goods Sold.

99) C

Calculate the predetermined overhead rate by dividing the total estimated manufacturing overhead by the estimated direct labor hours ($400,000 ÷ 20,000 = $20.00). Apply manufacturing overhead by multiplying the predetermined overhead rate by the actual number of direct labor hours ($20.00 × 21,000 = $420,000). The amount of overhead applied ($420,000) on the credit side of the Manufacturing Overhead account exceeds the actual overhead costs ($415,000) on the debit side of the Manufacturing Overhead account, so the overhead is overapplied with a credit balance of $5,000 ($420,000 − $415,000). This amount is debited to Manufacturing Overhead to close the account and credited to Cost of Goods Sold.

100) C
Calculate the predetermined overhead rate by dividing total estimated manufacturing overhead by estimated direct labor hours ($200,600 ÷ 20,060 = $10). Apply manufacturing overhead by multiplying the predetermined rate by the actual number of direct labor hours ($10 × 21,060 = $210,600). Since applied overhead ($210,600) on the credit side of the Manufacturing Overhead account is less than actual overhead ($216,800) on the debit side of the Manufacturing Overhead account, the overhead is underapplied with a $6,200 debit balance ($216,800 − $210,600). Correct this with a credit to Manufacturing Overhead and a debit to Cost of Goods Sold.

101) C
Calculate the predetermined overhead rate by dividing total estimated manufacturing overhead by estimated direct labor hours ($200,000 ÷ 20,000 = $10.00). Apply manufacturing overhead by multiplying the predetermined rate by the actual number of direct labor hours ($10.00 × 21,000 = $210,000). Since applied overhead ($210,000) on the credit side of the Manufacturing Overhead account is less than actual overhead ($215,000) on the debit side of the Manufacturing Overhead account, the overhead is underapplied with a $5,000 debit balance ($215,000 − $210,000). Correct this with a credit to Manufacturing Overhead and a debit to Cost of Goods Sold.

102) A
Calculate the predetermined overhead rate by dividing the estimated total manufacturing overhead by the estimated direct labor hours ($316,200 ÷ 20,400 = $15.5). Apply manufacturing overhead by multiplying the predetermined overhead rate by the actual direct labor hours ($15.5 × 20,200 = $313,100). Since applied overhead ($313,100) on the credit side of the Manufacturing Overhead account is less than actual overhead ($320,000) on the debit side of the Manufacturing Overhead account, overhead is underapplied with a debit balance of 6,900 ($320,000 − $313,100). To correct this, credit the $6,900 to Manufacturing Overhead and debit Cost of Goods Sold.

103) A

Calculate the predetermined overhead rate by dividing the estimated total manufacturing overhead by the estimated direct labor hours ($200,000 ÷ 20,000 = $10.00). Apply manufacturing overhead by multiplying the predetermined overhead rate by the actual direct labor hours ($10.00 × 21,000 = $210,000). Since applied overhead ($210,000) on the credit side of the Manufacturing Overhead account is less than actual overhead ($215,000) on the debit side of the Manufacturing Overhead account, overhead is underapplied with a debit balance of $5,000 ($215,000 − $210,000). To correct this, credit the $5,000 to Manufacturing Overhead and debit Cost of Goods Sold.

104) B

Calculate the predetermined overhead rate by dividing total estimated manufacturing overhead by estimated direct labor hours ($265,200 ÷ 20,400 = $13.0). Apply manufacturing overhead by multiplying the predetermined overhead rate by the actual direct labor hours ($13.0 × 19,800 = $257,400). Since applied overhead ($257,400) on the credit side of the Manufacturing Overhead account is greater than actual overhead ($244,500) on the debit side of the Manufacturing Overhead account, overhead is overapplied with a credit balance of $12,900 ($257,400 − $244,500). Correct this with a debit to Manufacturing Overhead and a credit to Cost of Goods Sold for $12,900.

105) B

Calculate the predetermined overhead rate by dividing total estimated manufacturing overhead by estimated direct labor hours ($250,000 ÷ 20,000 = $12.50). Apply manufacturing overhead by multiplying the predetermined overhead rate by the actual direct labor hours ($12.50 × 19,000 = $237,500). Since applied overhead ($237,500) on the credit side of the Manufacturing Overhead account is greater than actual overhead ($225,000) on the debit side of the Manufacturing Overhead account, overhead is overapplied with a credit balance of $12,500 ($237,500 − $225,000). Correct this with a debit to Manufacturing Overhead and a credit to Cost of Goods Sold for $12,500.

106) C

Calculate the predetermined overhead rate by dividing total estimated manufacturing overhead by estimated direct labor hours ($188,100 ÷ 20,900 = $9.0). Apply manufacturing overhead by multiplying the predetermined overhead rate by the actual number of direct labor hours ($9.0 × 19,000 = $171,000). Since applied overhead ($171,000) on the credit side of the Manufacturing Overhead account is greater than actual overhead ($162,500) on the debit side of the Manufacturing Overhead account, overhead is overapplied with a credit balance of $8,500 ($171,000 − $162,500). Correct this with a debit to Manufacturing Overhead and a credit to Cost of Goods Sold for $8,500 .

107) C

Calculate the predetermined overhead rate by dividing total estimated manufacturing overhead by estimated direct labor hours ($250,000 ÷ 20,000 = $12.50). Apply manufacturing overhead by multiplying the predetermined overhead rate by the actual number of direct labor hours ($12.50 × 19,000 = $237,500). Since applied overhead ($237,500) on the credit side of the Manufacturing Overhead account is greater than actual overhead ($225,000) on the debit side of the Manufacturing Overhead account, overhead is overapplied with a credit balance of $12,500 ($237,500 − $225,000). Correct this with a debit to Manufacturing Overhead and a credit to Cost of Goods Sold for $12,500.

108) D
The total cost that is transferred out of Work in Process Inventory and into Finished Goods Inventory is called the cost of goods manufactured.

109) C
Cost of goods completed, also called cost of goods manufactured, represents the cost of all jobs completed during the period.

110) C
The cost of goods manufactured report includes applied (not actual) manufacturing overhead.

111) A
Current manufacturing costs include actual direct labor, actual direct materials, and applied (not actual) manufacturing overhead.

112) A
When goods are sold, their cost is transferred out of Finished Goods Inventory and into Cost of Goods Sold.

113) D
Cost of goods manufactured is the sum of direct materials, direct labor, and applied (not actual) manufacturing overhead, plus the beginning Work in Process Inventory balance, less the ending Work in Process Inventory balance. Applied manufacturing overhead is calculated by multiplying the predetermined overhead rate by the number of direct labor hours ($39 × 4,900 = $191,100). Thus, cost of goods manufactured is $443,900, calculated as: $118,500 + $151,400 + $191,100 + $0 − $17,100 = $443,900.

114) D

Cost of goods manufactured is the sum of direct materials, direct labor, and applied (not actual) manufacturing overhead, plus the beginning Work in Process Inventory balance, less the ending Work in Process Inventory balance. Applied manufacturing overhead is calculated by multiplying the predetermined overhead rate by the number of direct labor hours ($35 × 5,000 = $175,000). Thus, cost of goods manufactured is $418,000, calculated as: $110,000 + $150,000 + $175,000 + $0 − $17,000 = $418,000.

115) A

Calculate applied manufacturing overhead = $37 × 5,700 = $210,900. Calculate cost of goods manufactured = $117,300 + $153,100 + $210,900 + $0 − $17,300 = $464,000. Calculate Manufacturing Overhead balance: $210,900 applied − $200,000 actual = $10,900 overapplied. Adjusted cost of goods sold = $464,000 − $10,900 = $453,100.

116) D

Calculate applied manufacturing overhead = $35 × 5,000 = $175,000. Calculate cost of goods manufactured = $110,000 + $150,000 + $175,000 + $0 − $17,000 = $418,000. Calculate Manufacturing Overhead balance: $175,000 applied − $166,000 actual = $9,000 overapplied. Adjusted cost of goods sold = $418,000 − $9,000 = $409,000.

117) B

Sawyer Company used a predetermined overhead rate of $46 ($368,000 ÷ 8,000). Cost of goods manufactured is the sum of direct materials, direct labor, and applied (not actual) manufacturing overhead, plus the beginning Work in Process Inventory balance, less the ending Work in Process Inventory balance. Applied manufacturing overhead is calculated by multiplying the predetermined overhead rate by the number of direct labor hours ($46 × 7,800 = $358,800). Thus, cost of goods manufactured is $804,500, calculated as: $195,400 + $250,300 + $358,800 + $0 − $0 = $804,500.

118) A

Sawyer Company used a predetermined overhead rate of $40 ($320,000 ÷ 8,000). Cost of goods manufactured is the sum of direct materials, direct labor, and applied (not actual) manufacturing overhead, plus the beginning Work in Process Inventory balance, less the ending Work in Process Inventory balance. Applied manufacturing overhead is calculated by multiplying the predetermined overhead rate by the number of direct labor hours ($40 × 7,000 = $280,000). Thus, cost of goods manufactured is $715,000, calculated as: $190,000 + $245,000 + $280,000 + $0 − $0 = $715,000.

119) C

Predetermined overhead rate = $382,800 ÷ 8,700 = $44
Applied manufacturing overhead = $44 × 7,600 = $334,400
Cost of goods manufactured = $199,700 + $245,300 + $334,400 + $0 − $0 = $779,400
Overapplied overhead = $334,400 − $325,000 = $9,400
Unadjusted cost of goods sold = $0 + $779,400 − $9,900 = $769,500
Adjusted cost of goods sold = $769,500 − $9,400 = $760,100

120) D
Predetermined overhead rate = $320,000 ÷ 8,000 = $40
Applied manufacturing overhead = $40 × 7,000 = $280,000
Cost of goods manufactured = $190,000 + $245,000 + $280,000 + $0 − $0 = $715,000
Overapplied overhead = $280,000 − $273,000 = $7,000
Unadjusted cost of goods sold = $0 + $715,000 − $9,000 = $706,000
Adjusted cost of goods sold = $706,000 − $7,000 = $699,000.

121) C
Jenkins Company used a predetermined overhead rate of $48 ($388,800 ÷ 8,100). Cost of goods manufactured is the sum of direct materials, direct labor, and applied (not actual) manufacturing overhead, plus the beginning Work in Process Inventory balance, less the ending Work in Process Inventory balance. Applied manufacturing overhead is calculated by multiplying the predetermined overhead rate by the number of direct labor hours ($48 × 9,150 = $439,200). Thus, cost of goods manufactured is $989,800, calculated as: $299,500 + $251,100 + $439,200 + $0 − $0 = $989,800.

122) D
Jenkins Company used a predetermined overhead rate of $40 ($320,000 ÷ 8,000). Cost of goods manufactured is the sum of direct materials, direct labor, and applied (not actual) manufacturing overhead, plus the beginning Work in Process Inventory balance, less the ending Work in Process Inventory balance. Applied manufacturing overhead is calculated by multiplying the predetermined overhead rate by the number of direct labor hours ($40 × 9,000 = $360,000). Thus, cost of goods manufactured is $900,000, calculated as: $295,000 + $245,000 + $360,000 + $0 − $0 = $900,000.

123) D

Predetermined overhead rate = $411,600 ÷ 8,400 = $49
Applied manufacturing overhead = $49 × 9,000 = $441,000
Cost of goods manufactured = $299,900 + $246,500 + $441,000 + $0 − $0 = $987,400
Unadjusted cost of goods sold = $0 + $987,400 − $19,100 = $968,300
Overapplied overhead = $441,000 − $435,000 = $6,000
Adjusted cost of goods sold = $968,300 − $6,000 = $962,300

124) D
Predetermined overhead rate = $320,000 ÷ 8,000 = $40
Applied manufacturing overhead = $40 × 9,000 = $360,000
Cost of goods manufactured = $295,000 + $245,000 + $360,000 + $0 − $0 = $900,000
Unadjusted cost of goods sold = $0 + $900,000 − $19,000 = $881,000
Overapplied overhead = $360,000 − $343,000 = $17,000
Adjusted cost of goods sold = $881,000 − $17,000 = $864,000

125) C
Calculate direct materials used by adding raw materials purchased to beginning inventory and subtracting indirect materials and ending raw materials inventory. Direct materials used = $23,500 + $105,600 − $0 − $37,300 = $91,800.

126) D
Calculate direct materials used by adding raw materials purchased to beginning inventory and subtracting indirect materials and ending raw materials inventory. Direct materials used = $20,000 + $100,000 − $0 − $30,000 = $90,000.

127) C
Direct materials used = $29,600 + $106,500 − $0 − $32,600 = $103,500. Total current manufacturing costs = $103,500 + $80,300 + $85,300 = $269,100.

128) A
Direct materials used = $20,000 + $100,000 − $0 − $30,000 = $90,000. Total current manufacturing costs = $90,000 + $75,000 + $80,000 = $245,000.

129) B
Direct materials used = $24,500 + $101,300 − $0 − $34,600 = $91,200. Total current manufacturing costs = $91,200 + $82,900 + $88,500 = $262,600. Cost of goods manufactured = $16,700 + $262,600 − $27,300 = $252,000.

130) B

Direct materials used = $20,000 + $100,000 − $0 − $30,000 = $90,000. Total current manufacturing costs = $90,000 + $75,000 + $80,000 = $245,000. Cost of goods manufactured = $15,000 + $245,000 − $18,000 = $242,000.

131) C
Direct materials used = $20,000 + $100,000 − $0 − $30,000 = $90,000. Total current manufacturing costs = $90,000 + $75,000 + $80,000 = $245,000. Cost of goods manufactured = $15,000 + $245,000 − $18,000 = $242,000. Cost of goods sold = $30,000 + $242,000 − $20,000 = $252,000.

132) C
Direct materials used = $20,000 + $100,000 − $0 − $30,000 = $90,000. Total current manufacturing costs = $90,000 + $75,000 + $80,000 = $245,000. Cost of goods manufactured = $15,000 + $245,000 − $18,000 = $242,000. Cost of goods sold = $30,000 + $242,000 − $20,000 = $252,000.

133) A
Total current manufacturing costs = $200,000 + $157,200 + $160,200 = $517,400. Cost of goods manufactured = 531,200 = $42,000 + $517,400 − ending Work in Process Inventory, so ending Work in Process Inventory = $42,000 + $517,400 − $531,200 = $28,200.

134) A
Total current manufacturing costs = $200,000 + $150,000 + $160,000 = $510,000. Cost of goods manufactured = 525,000 = $35,000 + $510,000 − ending Work in Process Inventory, so ending Work in Process Inventory = $35,000 + $510,000 − $525,000 = $20,000.

135) C
$544,000 = $33,200 + $525,200 − ending Finished Goods Inventory. Ending Finished Goods Inventory = $33,200 + $525,200 − $544,000 = $14,400.

136) B
$544,000 = $30,000 + $525,000 − ending Finished Goods Inventory. Ending Finished Goods Inventory = $30,000 + $525,000 − $544,000 = $11,000.

137) C
Total current manufacturing costs = $203,700 + $151,400 + $162,700 = $517,800. Cost of goods manufactured = $531,100 = Beginning Work in Process Inventory + $517,800 − $41,000, so ending Work in Process Inventory = $531,100 + $41,000 − $517,800 = $54,300.

138) C

Total current manufacturing costs = $200,000 + $150,000 + $160,000 = $510,000. Cost of goods manufactured = $525,000 = Beginning Work in Process Inventory + $510,000 − $35,000, so ending Work in Process Inventory = $525,000 + $35,000 − $510,000 = $50,000.

139) A
$609,000 = Beginning Finished Goods Inventory + $590,000 − $43,000. Beginning Finished Goods Inventory = $609,000 + $43,000 − $590,000 = $62,000.

140) A
$544,000 = Beginning Finished Goods Inventory + $525,000 − $30,000. Beginning Finished Goods Inventory = $544,000 + $30,000 − $525,000 = $49,000.

141) C
The job order cost system for a company that competes in the green building arena, for example, should not only include information about the cost and quantity of materials used on the job, but also whether the materials meet the company's sustainability standards in terms of how and where they were sourced and whether they are "environmentally friendly."

142) B
Individual companies with a focus on sustainability calculate the rates most appropriate to their businesses and industries. Cost, quantity, and source of direct materials would all be relevant to include in the cost of goods manufactured report, as would benchmark information from peer companies. Indirect labor rates are not particularly applicable to sustainability.

143) A
In service firms, each client or account is equivalent to a job in a manufacturing (job costing) setting. All the other choices regarding service firms are correct.

144) C
Most service firms do not use a lot of direct materials, they tend to incur many indirect costs that cannot be traced to specific clients or accounts, and they use job costing to assign costs to individual clients or accounts. Indirect costs are treated much like manufacturing overhead in a factory and are assigned using an allocation base such as billable hours.

145) A
The predetermined overhead rate is $1.55 per dollar of consultant labor cost ($620,000 ÷ $400,000 = $1.55).

146) A

The predetermined overhead rate is $1.50 per dollar of consultant labor cost ($750,000 ÷ $500,000 = $1.50).

147) A
The predetermined overhead rate is $1.20 per dollar of consultant labor cost ($300,000 ÷ $250,000 = $1.20). Consultant labor cost for providing services to Robert is $648 (36 × $778). Overhead is applied at $1.20 per dollar of consultant labor cost = $648 × $1.20 = $778. Total cost of providing services to Robert = $648 + $778 = $1,426.

148) D
The predetermined overhead rate is $1.50 per dollar of consultant labor cost ($750,000 ÷ $500,000 = $1.50). Consultant labor cost for providing services to Robert is $1,152 (64 × $18). Overhead is applied at $1.50 per dollar of consultant labor cost = $1,152 × $1.50 = $1,728. Total cost of providing services to Robert = $1,152 + $1,728 = $2,880.

149) C
The predetermined overhead rate is $2.05 per dollar of consultant labor cost ($1,332,500 ÷ $650,000 = $2.05). Consultant labor cost for providing services to Joan is $1,288 (46 × $28). Overhead is applied at $2.05 per dollar of consultant labor cost = $1,288 × $2.05 = $2,640. Total cost of providing services to Joan = $1,288 + $2,640 = $3,928.

150) A
The predetermined overhead rate is $1.50 per dollar of consultant labor cost ($750,000 ÷ $500,000 = $1.50). Consultant labor cost for providing services to Joan is $840 (42 × $20). Overhead is applied at $1.50 per dollar of consultant labor cost = $840 × $1.50 = $1,260. Total cost of providing services to Joan = $840 + $1,260 = $2,100.

151) C
Operations costing is a blend of job order costing (for the unique components) and process costing (for the common processes).

152) A
As companies move to electronic systems that record and store information digitally, they may use bar codes, radio-frequency identification (RFID), quick response (QR) codes, and other digital tools that track costs.

153) C
A cost driver is a measure that causes or influences the amount of manufacturing overhead cost incurred.

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154) B

Indirect materials cannot be directly or conveniently traced to a specific unit or job and are included in manufacturing overhead.