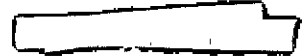


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1. value:
40.00 points

Problem 7-44 Assigning Costs: Missing Data (LO 7-2, 3)

The following T-accounts represent November activity.

Materials Inventory		Work-In-Process Inventory	
EB (11/30)	57,000	BB (11/1)	33,100
		Dir. Materials	85,800
Finished Goods Inventory		Cost of Goods Sold	
EB (11/30)	102,000		
Manufacturing Overhead Control		Applied Manufacturing Overhead	
			262,500
Wages Payable		Sales Revenue	
			723,600

Additional Data

- Materials of \$114,600 were purchased during the month, and the balance in the Materials Inventory account increased by \$10,300.
- Overhead is applied at the rate of 150 percent of direct labor cost.
- Sales are billed at 180 percent of cost of goods sold before the over- or underapplied overhead is prorated.
- The balance in the Finished Goods Inventory account decreased by \$29,100 during the month before any proration of under- or overapplied overhead.
- Total credits to the Wages Payable account amounted to \$198,000 for direct and indirect labor.
- Factory depreciation totaled \$48,500.
- Overhead was underapplied by \$24,980. Overhead other than indirect labor, indirect materials, and depreciation was \$197,480, which required payment in cash. Underapplied overhead is to be allocated.
- The company has decided to allocate 20 percent of underapplied overhead to Work-in-Process Inventory, 15 percent to Finished Goods Inventory, and the balance to Cost of Goods Sold. Balances shown in T-accounts are before any allocation.

Required:

Complete the T-accounts.

Materials Inventory				Work-in-Process Inventory			
Beg. bal. (11/1)				Beg. bal. (11/1)	33,100		
Purchases				Direct materials	85,800		
End. bal. (11/30)	57,000			End. bal.			
				End. bal. (11/30)			
Finished Goods Inventory				Cost of Goods Sold			
Beg. bal. (11/1)				Beg. bal. (11/1)			
End. bal.	102,000						
End. bal. (11/30)				End. bal. (11/30)			
Manufacturing Overhead Control				Applied Manufacturing Overhead			
Beg. bal. (11/1)				Beg. bal. (11/1)		262,500	
				End. bal. (11/30)			
End. bal. (11/30)							
Wages Payable				Sales Revenue			
Beg. bal. (11/1)				Beg. bal. (11/1)		723,600	
				End. bal. (11/30)			
End. bal. (11/30)							

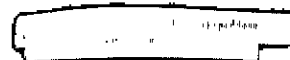
rev: 10_09_2017_QC_CS-101645

References eBook & Resources

Worksheet Problem 7-44 Assigning Costs:
Missing Data (LO 7-2, 3)[Check my work](#)

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2. value:
60.00 points

Problem 7-53 Show Flow of Costs to Jobs (LO 7-2, 3)

Kim's Asphalt does driveway and parking lot resurfacing work for large commercial clients as well as small residential clients. An inventory of materials and equipment is on hand at all times so that work can start as quickly as possible. Special equipment is ordered as required. On May 1, the Materials and Equipment Inventory account had a balance of \$38,000. The Work-in-Process Inventory account is maintained to record costs of work not yet complete. There were two such jobs on May 1 with the following costs:

	Job 27 Highlands Mall	Job 33 Pine Ridge Estates
Materials and equipment	\$15,675	\$ 52,700
Direct labor	13,700	26,350
Overhead (applied)	4,110	7,905

Overhead has been applied at 30 percent of the costs of direct labor.

During May, Kim's Asphalt started two new jobs. Additional work was carried out on Jobs 27 and 33, with the latter completed and billed to Pine Ridge Estates. Details on the costs incurred on jobs during May follow:

Job	27	33	34	35
Materials and equipment	\$3,200	\$5,000	\$4,800	\$3,100
Direct labor (wages payable)	4,700	6,950	6,100	1,800

Other May Events

1. Received \$12,700 payment on Job 24 delivered to customer in April.
2. Purchased materials and equipment for \$9,600 on account.
3. Billed Pine Ridge Estates \$132,000 and received payment for \$85,000 of that amount.
4. Determined that payroll for indirect labor personnel totaled \$670.
5. Issued supplies and incidental materials for current jobs costing \$175.
6. Recorded overhead and advertising costs for the operation as follows (all cash except equipment depreciation):

Property taxes	\$570
Storage area rental	695
Truck and delivery cost	340
Advertising and promotion campaign	620
Inspections	220
Telephone and other miscellaneous	345
Equipment depreciation	470

Required:

- a. Prepare journal entries to record the flow of costs for operations during May. (If no entry is required for a transaction/event, select "No journal entry required" in the first account field.)

[View transaction list](#)**Journal entry worksheet**

< 1 2 3 4 5 6 7 8 9 >

Record \$12,700 payment received on account.

Note: Enter debits before credits.

Transaction	General Journal	Debit	Credit
1.			

[Record entry](#)

[Clear entry](#)

[View general journal](#)

b. Calculate the amount of over- or underapplied overhead for the month.

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c. Determine inventory balances for Materials and Equipment Inventory and Work-in-process inventory.

Materials and equipment inventory	
Work-in-process inventory	

References

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General Journal

Problem 7-53 Show Flow of Costs to Jobs (LO 7-2, 3)

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