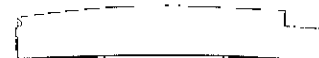


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Problem 6-46 Product Costing (LO 6-4)

Tiger Furnishings produces two models of cabinets for home theater components, the Basic and the Dominator. Data on operations and costs for March follow:

	Basic	Dominator	Total
Units produced	1,500	300	1,800
Machine-hours	4,000	3,000	7,000
Direct labor-hours	2,000	1,000	3,000
Direct materials costs	\$11,000	\$ 3,250	\$ 14,250
Direct labor costs	67,000	38,000	105,000
Manufacturing overhead costs			178,290
Total costs			\$297,540

Required:

Compute the individual product costs per unit assuming that Tiger Furnishings uses direct labor costs to allocate overhead to the products. (Do not round intermediate calculations. Round your answers to 2 decimal places.)

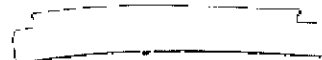
	Unit Cost
Basic	
Dominator	

References**eBook & Resources****Worksheet**

Problem 6-46 Product
Costing (LO 6-4)

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Problem 6-47 Product Costing (LO 6-4)

Tiger Furnishings produces two models of cabinets for home theater components, the Basic and the Dominator. Data on operations and costs for March follow:

	Basic	Dominator	Total
Units produced	1,500	300	1,800
Machine-hours	3,000	2,000	5,000
Direct labor-hours	4,000	2,000	6,000
Direct materials costs	\$10,000	\$ 3,500	\$ 13,500
Direct labor costs	70,000	37,000	107,000
Manufacturing overhead costs			182,328
Total costs			\$302,828

Required:

Compute the individual product costs per unit assuming that Tiger Furnishings uses machine-hours to allocate overhead to the products. (Do not round intermediate calculations. Round final answers to 2 decimal places.)

	Unit Cost
Basic	
Dominator	

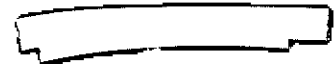
[References](#)[eBook & Resources](#)[Worksheet](#)

Problem 6-47 Product Costing (LO 6-4)

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Problem 6-50 Two-Stage Allocation and Product Costing (LO 6-5)

Owl-Eye Radiologists (OR) does various types of diagnostic imaging. Radiologists perform tests using sophisticated equipment. OR's management wants to compute the costs of performing tests for two different types of patients: those who are hospitalized (including those in emergency rooms) and those who are not hospitalized but are referred by physicians. The data for June for the two categories of patients follow:

	Hospital Patients	Other Patients	Total
Units (i.e., procedures) produced	610	830	1,440
Equipment-hours used	220	150	370
Direct labor-hours	480	160	640
Direct labor costs	\$38,400	\$9,600	\$48,000
Overhead costs			\$49,190

The accountant first assigns overhead costs to two pools: overhead related to equipment-hours and overhead related to labor-hours. The analysis of overhead accounts by the cost accountant follows:

Account	Amount	Related to:
Utilities	\$ 4,820	Equipment-hours
Supplies	12,570	Labor-hours
Indirect labor and supervision	20,710	Labor-hours
Equipment depreciation and maintenance	7,650	Equipment-hours
Miscellaneous	3,440	Equipment-hours

Required:

a. Compute the predetermined overhead rates assuming that Owl-Eye Radiologists uses *equipment-hours* to allocate *equipment-related* overhead costs and *labor-hours* to allocate *labor-related* overhead costs.

	Overhead Rate	
Equipment-related		per hour
Labor-related		per hour

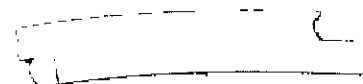
b. Compute the total costs of production and the cost per unit for each of the two types of patients undergoing tests in June. (Round "Cost per unit" to 2 decimal places.)

	Hospital Patients	Other Patients
Total cost		
Cost per unit		

References eBook & Resources

Worksheet Problem 6-50 Two-Stage
Allocation and Product
Costing (LO 6-5)

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4. value:
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Exercise 7-21 Assigning Costs to Jobs (LO 7-1, 2)

The following transactions occurred in April at Steve's Cabinets, a custom cabinet firm:

1. Purchased \$80,000 of materials on account.
2. Issued \$4,000 of supplies from the materials inventory.
3. Purchased \$56,000 of materials on account.
4. Paid for the materials purchased in transaction (1) using cash.
5. Issued \$68,000 in direct materials to the production department.
6. Incurred direct labor costs of \$100,000, which were credited to Wages Payable.
7. Paid \$106,000 cash for utilities, power, equipment maintenance, and other miscellaneous items for the manufacturing plant.
8. Applied overhead on the basis of 125 percent of \$100,000 direct labor costs.
9. Recognized depreciation on manufacturing property, plant, and equipment of \$50,000.

The following balances appeared in the accounts of Steve's Cabinets for April:

	Beginning	Ending
Materials Inventory	\$148,200	?
Work-in-Process Inventory	33,000	?
Finished Goods Inventory	166,000	\$143,200
Cost of Goods Sold		263,400

Required:

- a. Prepare journal entries to record the transactions. (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
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7
8
9
>

Purchased \$80,000 of materials.

Note: Enter debits before credits.

Transactions	General Journal	Debit	Credit
1			

[Record entry](#)
[Clear entry](#)
[View general journal](#)

- b. Prepare T-accounts to show the flow of costs during the period from Materials Inventory through Cost of Goods Sold.

Materials Inventory				Work-In-Process Inventory			
Beg. bal.				Beg. bal.			
							Finished Goods
End. bal.	0			End. bal.	0		
Manufacturing Overhead Control				Applied Manufacturing Overhead			
Beg. bal.				Beg. bal.			
End. bal.	0			End. bal.	0		
Accounts Payable				Cash			
Beg. bal.				Beg. bal.			
End. bal.	0			End. bal.	0		
Wages Payable				Accumulated Depreciation— Property, Plant, and Equipment			
Beg. bal.				Beg. bal.			
End. bal.	0			End. bal.	0		
Finished Goods Inventory				Cost of Goods Sold			
Beg. bal.				Beg. bal.			
Goods completed			Transfer to Cost of Goods Sold	Finished Goods Inventory			
End. bal.	0			End. bal.	0		

References eBook & Resources

General Journal

Exercise 7-21 Assigning Costs to Jobs (LO 7-1, 2)

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5.

value:
0.25 points

Exercise 7-28 Predetermined Overhead Rates (LO 7-3)

Southern Rim Parts estimates its manufacturing overhead to be \$495,000 and its direct labor costs to be \$900,000 for year 1. The first three jobs that Southern Rim worked on had actual direct labor costs of \$20,000 for Job 301, \$30,000 for Job 302, and \$40,000 for Job 303. For the year, actual manufacturing overhead was \$479,000 and total direct labor cost was \$850,000. Manufacturing overhead is applied to jobs on the basis of direct labor costs using predetermined rates.

Required:

a. How much overhead was assigned to each of the three jobs, 301, 302, and 303?

Job 301	
Job 302	
Job 303	

b. What was the over- or underapplied manufacturing overhead for year 1?

	manufacturing overhead	
--	------------------------	--

References**eBook & Resources****Worksheet**

Exercise 7-28
Predetermined Overhead
Rates (LO 7-3)

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6. value:
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Exercise 7-29 Prorate Under- or Overapplied Overhead (LO 7- 3)

Southern Rim Parts estimates its manufacturing overhead to be \$495,000 and its direct labor costs to be \$900,000 for year 1. The first three jobs that Southern Rim worked on had actual direct labor costs of \$20,000 for Job 301, \$30,000 for Job 302, and \$40,000 for Job 303. For the year, actual manufacturing overhead was \$479,000 and total direct labor cost was \$850,000. Manufacturing overhead is applied to jobs on the basis of direct labor costs using predetermined rates.

Overhead applied in each of the inventory accounts is as follows:

Work-in-process inventory	\$ 37,400
Finished goods inventory	102,850
Cost of goods sold	327,250

Required:

Prepare an entry to prorate the under- or overapplied overhead. (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

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1

>

Record the allocation of over- or underapplied overhead.

Note: Enter debits before credits.

Transaction	General Journal	Debit	Credit
1			

Record entry
Clear entry
View general journal

rev: 12_21_2016_QC_CS-72983, 06_12_2017_QC_CS-91186, 10_16_2017_QC_CS-105435

[References](#) [eBook & Resources](#)

General Journal Exercise 7-29 Prorate Under- or Overapplied Overhead (LO 7- 3)

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[Instructions | help](#)**7.**

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Problem 7-43 Assigning Costs-Missing Data (LO 7-2, 3)

The following T-accounts represent September activity:

Required:

Compute the missing amounts indicated by the letters (a) through (i).

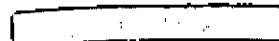
Materials Inventory		Work-In-Process Inventory	
BB (9/1)	8,500	BB (9/1)	23,900
	(a)		179,800
	4,700		121,000
	(b)		89,400
EB (9/30)	9,400	EB (9/30)	16,100
Finished Goods Inventory		Cost of Goods Sold	
BB (9/1)	15,000		396,300
	(e)		
	(f)		
EB (9/30)	(g)		
Applied Overhead Control		Manufacturing Overhead Control	
	(d)		121,000
			4,700
			36,200
			30,400
			3,200
Wages Payable		Accumulated Depreciation—Plant & Equipment	
	124,300		207,100
	(c)		(h)
162,000	36,200		
	119,500		237,500
	EB (9/30)		EB (9/30)
Accounts Payable—Material Suppliers		Prepaid Expenses	
	95,000	BB(9/1)	24,200
			(i)
		EB(9/30)	21,000

References **eBook & Resources**

Worksheet Problem 7-43 Assigning
Costs-Missing Data (LO 7-2,
3)

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8. value:
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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)	56,100	BB (11/1)	33,200
		Dir. Materials	86,500
Finished Goods Inventory		Cost of Goods Sold	
EB (11/30)	102,000		
Manufacturing Overhead Control		Applied Manufacturing Overhead	
			262,500
Wages Payable		Sales Revenue	
			685,100

Additional Data

- (a) Materials of \$114,700 were purchased during the month, and the balance in the Materials Inventory account increased by \$10,700.
- (b) Overhead is applied at the rate of 150 percent of direct labor cost.
- (c) Sales are billed at 170 percent of cost of goods sold before the over- or underapplied overhead is prorated.
- (d) The balance in the Finished Goods Inventory account decreased by \$29,500 during the month before any proration of under- or overapplied overhead.
- (e) Total credits to the Wages Payable account amounted to \$206,000 for direct and indirect labor.
- (f) Factory depreciation totaled \$38,270.
- (g) Overhead was underapplied by \$24,800. Overhead other than indirect labor, indirect materials, and depreciation was \$200,530, which required payment in cash. Underapplied overhead is to be allocated.
- (h) The company has decided to allocate 30 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)	33,200		
Purchases				Direct materials	86,500		
End. bal. (11/30)	56,100			End. bal.	119,700		
				End. bal. (11/30)	119,700		
Finished Goods Inventory				Cost of Goods Sold			
Beg. bal. (11/1)				Beg. bal. (11/1)			
End. bal.	102,000						
End. bal. (11/30)	102,000			End. bal. (11/30)			
Manufacturing Overhead Control				Applied Manufacturing Overhead			
Beg. bal. (11/1)				Beg. bal. (11/1)		262,500	
				End. bal. (11/30)		262,500	
End. bal. (11/30)							
Wages Payable				Sales Revenue			
Beg. bal. (11/1)				Beg. bal. (11/1)		685,100	
				End. bal. (11/30)		685,100	
End. bal. (11/30)							

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

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