**Exam 3 MC - 35 MC questions from Chapter 4**

**Exam 3 Pro - 1 true false - 1 essay, 3 problems**

1) I agree to the following statement: I am enrolled in this course and completing this exam for myself. I am completing my own work and not discussing the content of this exam with anyone. I understand that violations of this policy will result in a 0.0 in the course.

2) In a brief but complete paragraph using your OWN words compare and contrast Job Costing and Process Costing. Your answer MUST include at least two differences and two similarities.

3) Following is information for Penquo, Inc., which makes crayons in its Billings, MT factory:

|  |  |  |
| --- | --- | --- |
|  | Budget | Actual |
| Production (# of boxes of crayons)  Total Direct Costs (materials & labor)  Total Machine Hours  Overhead (fixed and variable) | 1,000  $ 2,000  140  $2,800 | 800  $ 2,400  100  $3,000 |

Penquo allocates overhead using a budgeted overhead rate, using machine hours as the allocation base. The overhead rate is then applied to product based on actual machine hours incurred. In other words, the company uses a Normal Costing system.

Required:

A) What is the overhead rate?

B) How much overhead would be applied to each box of crayons?

C) What is the actual direct cost of each box of crayons?

4) Six units were in beginning work-in-process (WIP) at the beginning of May. These units were 100% complete with respect to direct materials, and 50% complete with respect to conversion costs. During the period, these six units were completed, and another eight units were started. At the end of the period, four of these eight units were completed, and the other four units were 100% finished with respect to direct materials, and 75% complete with respect to conversion costs. Following is pertinent cost information:

Beginning WIP Costs added in May

Direct Materials $600 $3,600

Conversion costs $600 $2,200

Required: Calculate the cost per equivalent unit, using the weighted-average method.

5. Unit Manufacturing Company uses a job order costing system to keep track of costs for each job. At the beginning of the year, the company’s inventory consisted of:

Raw materials $26,000

Work in process 47,000

Finished goods 133,000

The company applies overhead to jobs using a predetermined overhead rate based on machine hours. At the beginning of the year, the company estimated it would use 31,000 machine hours and would incur $248,000 in manufacturing overhead cost.

Given this data prepare the required journal entries for 2013.

a. Raw materials purchased, $411,000

b. Raw materials requisitioned for use in production, $409,000. $388,000 direct and $21,000 indirect.)

c. The following employee costs were incurred: direct labor, $145,000, indirect labor, $61,000, administrative salaries, $190,000.

d. Selling costs, $148,000.

e. Factory utility costs $12,000

f. Depreciation for the year was $121,000. $114,000 was depreciation for the unit producing machines, and $7,000 was for the printing and photocopying equipment used in the marketing department.

g. Manufacturing overhead was applied to jobs. The actual level of activity for the year was 29,000 machine hours.

h. Cost of goods manufactured for the year was $783,000.

i. Sales for the year totaled $1,107,000 and the costs on the job cost sheets of the goods that were sold totaled $768,000.

j. The balance in Manufacturing Overhead was closed out to Cost of Goods Sold.