

the journal entry to dispose of the year-end under- or overallocated manufacturing overhead as a write-off of Cost of Goods Sold. Show your calculation of under- or overallocated manufacturing overhead (3pts).

Problem II (15 min., 9 pts ; LO3)

Landis Company uses a job order cost system. It uses normal costing with two direct cost categories direct materials and direct labor and one indirect-cost pool, manufacturing overhead costs allocated based on direct labor hours. The following information is available for the current year:

Actual manufacturing overhead costs	\$1,750,000
Actual direct labor hours	100,000 hours
Budgeted manufacturing overhead costs	\$1,637,600
Budgeted direct labor hours	89,000 hours

1) Compute the manufacturing overhead rate that would be used under normal costing. (2 pts)

2) Compute the amount of under- or over-allocated manufacturing overhead. (2 pts)

3) The following information is available at the end of the current year:

	Account Balance
Work in process	\$377,800
Finished goods	321,130
Cost of goods sold	1,190,070

Prepare the necessary **journal entry** to dispose of any under- or overallocated manufacturing overhead. Use the **proration method** based on the ending balance of Work-in-Process, Finished Goods, and Cost of Goods Sold accounts. Show your calculations. (5 pts)

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total costs to account for and calculate cost per equivalent unit for direct materials and conversion costs
 (4 pts)

to units completed and transferred out and to units in ending work in process (step 5). (4 pts)

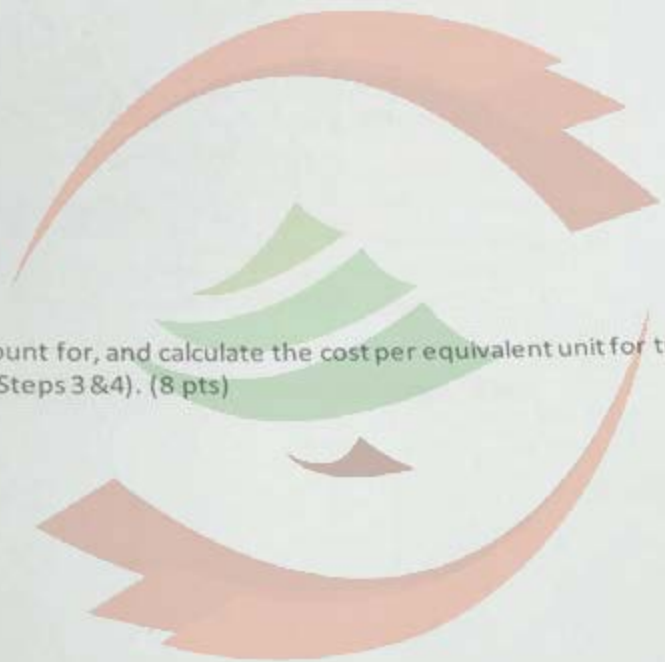
in., 15 pts; LO4)

manufacturer of clothes. It has a knitting department and a finishing department. This exercise focuses
 on the knitting department. Direct materials are added at the end of the process. Conversion costs are added evenly dur-

ing the process using the weighted-average method of process costing. The following information for June 2017 is available.

	Physical Units (tons)	Transferred In Costs	Direct Materials	Conversion Costs
Inventory (June 1)	100	\$ 90,000	\$ 0	\$ 30,000
Beginning work in process		100%	0%	60%
	125			
during June	165			
Inventory (June 30)	60			
Ending work in process		100%	0%	75%
		\$ 148,500	\$ 41,250	\$ 86,625

Calculate equivalent units of transferred-in costs, direct materials, and conversion costs (Steps 1 & 2). (3 pts)



Summarize the total costs to account for, and calculate the cost per equivalent unit for transferred-in costs, direct materials, and conversion costs (Steps 3 & 4). (8 pts)

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Record the cost of units completed and prepare the entry to record the transfer of completed units to finished goods. (4pts)

Problem III (15 min., 11 pts; LO4)

Princo Corporation makes children's games in a single processing department. Direct materials are added at the start of production. Conversion costs are added evenly throughout production. Princo uses the weighted-average method of process costing. The following information for October 2017 is available.

	Physical Units	Direct Material	Conversion Costs
WIP, Oct. 1	45,000	\$9,000	\$40,000
Started in October	30,000		
Completed and transferred out during October	50,000		
WIP, October 31	25,000*		
Costs added during October		\$60,000	\$80,000

Degree of completion: direct material 100%, conversion costs 50%.

Summarize the flow of physical units and compute equivalent units (steps 1 and 2). (3 pts)

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Cost 1100
188000

Assign total costs to units completed and transferred out and to units in ending work in process



Problem IV (20 min., 15 pts; LO4)

Taylor, Inc., is a manufacturer of clothes. It has a knitting department and a finishing department. This is the finishing department. Direct materials are added at the end of the process. Conversion costs are added during the process. Taylor uses the weighted-average method of process costing. The following information for June 2018 is available:

	Physical Units (tons)	Transferred-In Costs	Direct Materials
Work in process, beginning inventory (June 1)	100	\$ 90,000	0%
Degree of completion, beginning work in process		100%	0%
Transferred-in during June	125		
Completed and transferred out during June	165		
Work in process, ending inventory (June 30)	60		
Degree of completion, ending work in process		100%	
Total costs added during June		\$ 148,600	41

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Item V (15 min., 16 pts; L05)

La Borsa Inc. produces leather hand bags. The following information related to the sales and production of hand bags is available:

Sales volume	35,000 units
Selling price	\$125
Beginning Finished Goods Inventory	6,000 units
Target Ending Finished Goods Inventory	2,500 units
Direct material (leather) needed per handbag	1.5 square meters (sqm)
Beginning Direct material inventory	3,000 sqm
Ending Direct material inventory	1,200 sqm
Direct Material (leather) cost per square meter	\$30 per sqm
Direct labor hours per hand bag	4 hours
Direct labor cost per hour	\$3 per hour

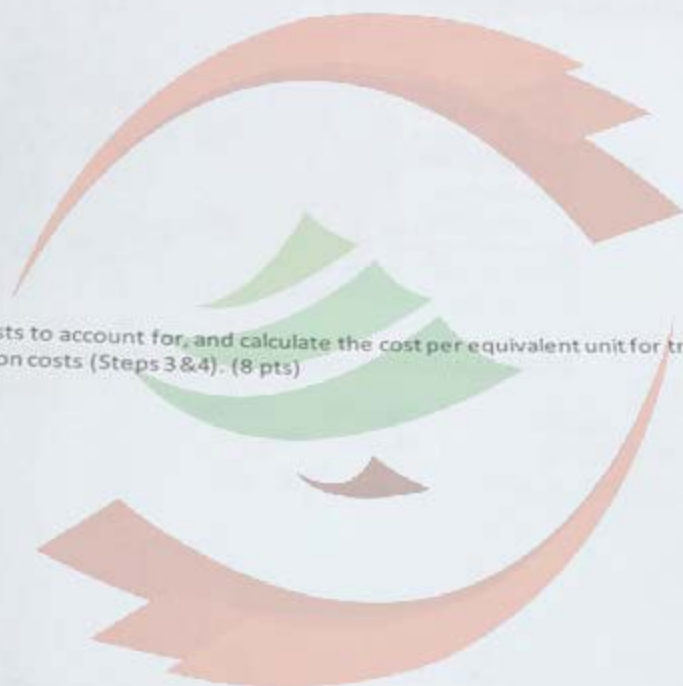
Required

- 1) Prepare La Borsa's Revenues Budget from the sale of hand bags. (3 pts)

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- 2) Prepare La Borsa's Production Budget. (4 pts)

Calculate equivalent units of transferred-in costs, direct materials, and conversion costs (Steps 1 & 2). (3 pts)



2. Summarize the total costs to account for, and calculate the cost per equivalent unit for transferred-in costs, direct materials, and conversion costs (Steps 3 & 4). (8 pts)

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3. Calculate the cost of units completed and prepare the entry to record the transfer of completed units to finished goods (4pts)

ing Co. had the following transactions during 2018:
(LO3)

1. Purchased material in the amount of \$85,000 on account.
 2. Used direct material in the amount of \$30,000 and indirect material in the amount of \$6,000.
 3. Incurred direct labor in the amount of \$104,000. All were paid in cash.
 4. Incurred indirect labor in the amount of \$21,000, on account.
 5. Incurred miscellaneous overhead costs during the year \$112,000 on account.
 6. Manufacturing overhead allocated at the rate of 150% of direct labor.
 7. Jobs completed and transferred to finished goods amounted to \$149,000.
 8. Sold merchandise at a selling price of \$200,000 on account. The cost of the merchandise sold amounted to \$135,000.
- The perpetual inventory system is adopted by the company.

Required:

- 1) Journalize the above transactions. Number your transactions. (16 pts)

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Summarize total costs to account for and calculate cost per equivalent unit for direct materials and conversion costs (steps 3 and 4) (4 pts)

	total cost	DM	CC
Beg WIP cost	49000	49000	0
	110000	60000	40000
	189000	69000	120000
		75000	62500
		0.22	1.92

Summarize total costs to units completed and transferred out and to units in ending work in process (step 5). (4 pts)

Completed & transferred cost
Ending WIP cost
Account for

total

IV (20 min., 15 pts; LO4)

is a manufacturer of clothes. It has a knitting department and a finishing department. This exercise focuses on the knitting department. Direct materials are added at the end of the process. Conversion costs are added evenly during the process. Use the weighted-average method of process costing. The following information for June 2017 is available.

	Physical Units (tons)	Transferred-In Costs	Direct Materials	Conversion Costs
beginning inventory (June 1)	100	\$ 90,000	0 \$	30,000
completion, beginning work in process		100%	0%	60%
beginning June	125			
transferred out during June	165			
ending inventory (June 30)	60			
completion, ending work in process		100%	0%	75%
during June		\$ 148,500	\$ 41,250	\$ 86,625

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... 10 pts ; LO6)
Following standard prices and cost information for 2018:

	<i>Actual</i>	<i>Budgeted</i>
	\$38 per unit	\$41 per unit
<i>ing Costs</i>	\$18 per unit	\$23 per unit
	\$112,000	\$177,000
<i>old</i>	18,000 units	19,000 units

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3) Prepare La Boursat's direct material purchase budget in units (meters) and in dollars (\$).

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Problem VII (20 min., 15 pts.: LO6)

Mountain Co. has the following standard prices and cost information for 2018:

	Actual	Budgeted
Selling Price		
Variable Manufacturing Costs	\$28 per unit	\$31 per unit
Total Fixed Costs	\$28 per unit	\$27 per unit
Units produced and sold	220,000	217,000
	18,000 units	19,000 units

Required:

- 1) Complete the below table and specify whether the variance is favorable (F) or unfavorable (U) (10 pts)

	Actual Results	Flexible Budget Variance (F/U)	Spending Variance (F/U)	Sales Volume Variance (F/U)
Number of units				
Sales Revenues				
Variable manufacturing costs				
Contribution Margin				
Fixed Costs				
Operating Income				

Prepare level 0 analysis. (2 pts)

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comment on your findings in part 1 and 2. (2 pts)

4)

Prepare La Borsa's direct labor budget in dollars. (3 pts)

(meters) and in dollars. (6 pts)

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Problem VI (20 min., 14 pts; L06)

Direct Materials efficiency variance (EV). (2 pts)

(c) Direct Labor price variance (PV). (2 pts)

(d) Direct Labor efficiency variance (EV). (2 pts)

(2) Prepare the journal entry or entries to record the purchase and usage of Direct Materials.

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(3) Prepare the journal entry to record the incurrence of Direct Labor. (3 pts)

Problem VI (20 min., 14 pts; LO6)

Lenovo is a Laptop manufacturer. For June 2018, Lenovo had the following standards for one of its products, Lenovo IdeaPad 320:

$$= 35000 \times 4 \times 3 = 420000$$

	Standards per laptop
Direct materials	2 units of input at \$29.50 per unit
Direct manufacturing labor	2.5 hour of input at \$15.30 per hour

The following data regarding actual performance is available:

- Actual output units (laptops) produced: 28,700
- Actual units of direct material purchased and used: 48,000 units at a cost of \$31.5/unit (Total=\$1,512,000)
- Actual hours of labor were 61,600 hours at a price /hour of \$16.5 (Total=\$1,016,400)

Required:

- 1) Calculate the following variances for Lenovo:
 - a) Direct Materials price variance (PV). (2 pts)