

SOLUTION

Chapter 2 Waterways

WP2 (a)

JOB COST SHEET

Job Number_____

Quantity_____

Item_____

Date Requested_____

Date Completed _____

Date	Direct Materials	Direct Labor	Manufacturing Overhead		
			Hours	Rate	Amount

Cost Summary

Direct materials	\$
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Direct labor

Manufacturing overhead	
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Total Cost	\$
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Unit Cost	\$
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WP2 (a)**JOB COST SHEET**

Job Number _____

Quantity _____

Date Requested _____

Item _____

Date Completed _____

Date	Direct Materials	Direct Labor	Manufacturing Overhead		
			Hours	Rate	Amount

Cost Summary

Direct materials \$ _____

Direct labor _____

Manufacturing overhead _____

Total Cost \$ _____

Unit Cost \$ _____

Answer (a)

JOB COST SHEET					
Job Number <u>J57</u>			Quantity <u>237 units</u>		
			Date Requested <u>Dec 2</u>		
			Date Completed <u>Dec 15</u>		
Item <u>special order parts</u>					
Date	Direct Materials	Direct Labor	Manufacturing Overhead		
			Hours	Rate	Amount
2-Dec	\$ 3,374				
3-Dec		\$ 66	2 1/2	\$ 398*	\$ 995
8-Dec	706				
9-Dec		66	3	398	1,194
14-Dec	2,306				
15-Dec		66	3	398	1,194
Direct materials	\$ 6,386				
Direct labor	198				
Manufacturing overhead	3,383				
Total Cost	\$ 9,967				
Unit Cost (\$9,967/237 units)	\$ 42.05				

*840,576 ÷ 2,112

JOB COST SHEET

Job Number K52

Quantity 142 units

Date Requested Dec 2

Date Completed Dec 15

Item special order parts

Date	Direct Materials	Direct Labor	Manufacturing Overhead		
			Hours	Rate	Amount
2-Dec	\$ 1,687				
3-Dec		\$ 33	2	\$ 398*	\$ 796
8-Dec	353				
9-Dec		33	2	398	796
14-Dec	1,153				
15-Dec		33	2	398	796

Cost Summary

Direct materials	<u>\$ 3,193</u>
Direct labor	<u>99</u>
Manufacturing overhead	<u>2,388</u>
Total Cost	<u>\$ 5,680</u>
Unit Cost (\$5,680/142 units)	<u>\$ 40.00</u>

*840,576 ÷ 2,112

(b)**GENERAL JOURNAL**

		DEBIT	CREDIT
12/1	Raw Materials Inventory	53,200	
	Accounts Payable		53,200
	<i>(Purchase of raw materials on account)</i>		
12/2	Work in Process Inventory	5,061	
	Raw Materials Inventory		5,061
	<i>(To assign materials to jobs J57 & K52)</i>		
12/2	Work in Process Inventory	40,000	
	Manufacturing Overhead	3,000	
	Raw Materials Inventory		43,000
	<i>(To assign materials to jobs and overhead)</i>		
12/3	Work in Process Inventory	99	
	Factory Labor		99
	<i>(To assign labor to jobs J57 & K52)</i>		
12/3	Work in Process Inventory	1,791	
	Manufacturing Overhead		1,791
	<i>(To assign overhead to jobs J57 & K52)</i>		
12/8	Work in Process Inventory	1,059	
	Raw Materials Inventory		1,059
	<i>(To assign materials to jobs J57 & K52)</i>		
12/9	Work In Process Inventory	99	
	Factory Labor		99
	<i>(To assign labor to jobs J57 & K52)</i>		
12/9	Work in Process Inventory	1,990	
	Manufacturing Overhead		1,990
	<i>(To assign overhead to jobs J57 & K52)</i>		
12/12	Factory Labor	65,000	
	Cash		65,000
	<i>(To record factory labor costs and payment)</i>		
12/13	Manufacturing Overhead	9,000	
	Cash		9,000
	<i>(To record payment of factory water bill)</i>		
12/14	Work in Process Inventory	3,459	
	Raw Materials Inventory		3,459
	<i>(To assign materials to jobs J57 & K52)</i>		

GENERAL JOURNAL

		DEBIT	CREDIT
12/15	Work In Process	99	
	Factory Labor		99
	<i>(To assign labor to jobs J57 & K52)</i>		
12/15	Work in Process Inventory	1,990	
	Manufacturing Overhead		1,990
	<i>(To assign overhead to jobs J57 & K52)</i>		
12/15	Finished Goods Inventory	15,647	
	Work in Process Inventory		15,647
	<i>(To record completion of jobs J57 & K52)</i>		
12/18	Finished Goods Inventory	50,000	
	Work in Process Inventory		50,000
	<i>(To record completion of jobs)</i>		
12/21	Manufacturing Overhead	12,000	
	Cash		12,000
	<i>(To record payment of factory electric bill)</i>		
12/31	Manufacturing Overhead	36,800	
	Property Taxes Payable		12,000
	Prepaid Insurance		8,800
	Accumulated Depreciation		16,000
	<i>(To record overhead costs)</i>		
(c) 12/31	Cost of Goods Sold	3,600	
	Manufacturing Overhead*		3,600
	<i>(To transfer underapplied overhead to cost of goods sold)</i>		

- (d) Since production involved the use of machinery that required minimal labor, using machine hours as the cost driver for producing the sprinkler heads would more accurately reflect the overhead costs than would direct labor.

When the irrigation system is installed, this would require a great deal of labor and minimal machinery. Therefore, the cost driver for overhead costs would more likely be direct labor costs.