Chapter 7: Job order costing system

Bachelor of science in accountancy (Pamantasan ng Lungsod ng Muntinlupa)

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Exercises

True or False

1. An oil refinery company will normally use job order costing to accumulate production costs. **FALSE**

2. Under job order costing system, costs are accumulated per batches. **TRUE**

3. Job cost sheet contains records of actual direct materials, direct labor and factory overhead incurred in completing a job. **FALSE**

4. The Cost of Goods Sold and Work in Process Inventory accounts has a debit balance. **TRUE**

5. A company that manufactures large quantities of similar products will use job order costing system. **FALSE**

6. A job order costing system provides for a separate record of the cost of each particular quantity of products that passes through the factory. **TRUE**

7. Under normal job-order costing system, factory overhead is applied using predetermined rate times actual input. **TRUE**

8. Normally a job cost sheet is not prepared for a job until after the job has been completed. **FALSE**

9. Job cost sheets contain entries for actual direct materials, actual direct labor and actual factory overhead cost incurred in completing a job. **FALSE**

10. Each account in the cost ledger in the job order system is called a job cost sheet. **TRUE**

11. The entry to record the depreciation of factory equipment would include debit of Work in Process Inventory account and Credit Accumulated Depreciation. **FALSE**

12. The term "normal costing" refers to the use of job order costing system. **FALSE**

13. The entry to record the cost of goods manufactured includes a debit to work in process account. **FALSE**

14. The materials requisition form serves as the source documents for debiting the accounts in the materials ledger. **FALSE**

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15. A debit balance in the factory overhead account at year end means that factory overhead is over-applied. **FALSE**

16. A small appliance repair shop will normally use job order costing system. **TRUE**

17. Job order costing is appropriate for textbook publishing companies. **TRUE**

18. Job order costing manufactures heterogeneous products. **TRUE**

19. Job order costing system is not used by service companies. **FALSE**

20. Materials are transferred from the storeroom to the factory in response to material requisitions. **TRUE**

21. A company the manufactures custom made gowns will use job order costing to accumulate production costs. **TRUE**

22. In a job order costing system, indirect materials are charged to a specific job. **FALSE**

23. When goods are sold, their costs are transferred from Work in Process to Finished Goods Inventory. **FALSE**

24. Under normal job order costing system, all the costs appearing on a job cost sheet are actual costs. **FALSE**

25. Under normal job-order costing system, actual factory overhead is applied at the end of the period. **FALSE**

26. Immaterial amount of under-applied factory overhead is close to COGS account. **TRUE**

27. When factory overhead cost is applied to a job, the work in process account is debited. **TRUE**

28. A document that contains all information about the costs of a specific job is called a job order cost sheet. **TRUE**

29. Non-manufacturing costs are considered as an expense when incurred under the job order costing system. **TRUE**

30. When indirect materials are requisition, the work in process account is debited. **FALSE**

31. Job order costing may be used by service companies. **TRUE**

32. One reason why factory overhead may be over-applied is that the estimated factory overhead may be too high. **TRUE**

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33. Job order cost sheet is only prepared when a job is already completed. **FALSE**

34. Factory overhead is over-aplied if actual factory overhead costs are greater than the factory overhead applied to work in process. **FALSE**

35. Under or over-applied manufacturing overhead at year-end is most commonly charged or credited to Cost of goods sold account. **FALSE**

36. A company that manufactures small quantities of identifiable products will use job order costing system. **TRUE**

37. Job order costing is used in manufacturing companies and process costing is used in service companies. **FALSE**

38. A material (significant) amount of under-applied factory overhead is close to COGS and Finished Goods Inventory account. **FALSE**

39. A debit balance in the Factory Overhead account at year end means that overhead was under-applied. **TRUE**

40. When indirect labor is applied to a job, the factory overhead control account is debited. **TRUE**

41. A beverage manufacturer is more likely to use process costing than job order costing. **TRUE**

42. Indirect labor costs are not charged to a specific job, but rather are included in the factory overhead. **TRUE**

43. A manufacturer of customized shoes is more likely to use a job order costing system than process costing. **TRUE**

44. Non-manufacturing costs are expensed outright. **TRUE**

45. The two reasons why factory overhead may be under-applied are: (1) the estimated factory overhead cost may be too low, and (2) the estimated base may be too high. **TRUE**

46. When materials are put into production, the materials account is debited. **FALSE**

47. Under normal job-order costing system, actual factory overhead is applied at the end of the period. **FALSE**

Multiple choice

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1. Which company is most likely to use job-order costing?
a. San Miguel Corp. brewery
b. Toyota automobile manufacturer
c. DMCI - a bridge builder
d. YKK Corp - a zipper manufacturer

2. The source document that records the amount of time of workers' time spent on a job and his/her pay rate is the
a. Job-order cost sheet
b. Workers time ticket
c. Production order
d. Labor requisition form

3. The following types of firms typically would use job-order costing, except?
a. A small appliance repair shop
b. A manufacturer of commercial passenger aircraft
c. A specialty equipment manufacturer
d. A breakfast cereal manufacturer

4. Job order costing and process costing are:
a. Inventory tracking systems
b. Cost flow systems
c. Cost accounting systems
d. Pricing systems

5. Total manufacturing costs for the year plus beginning Work in Process Inventory cost equals
a. Cost of goods manufactured in the year
b. Ending Work in Process Inventory
c. Total costs of goods put into process
d. Cost of goods available for sale

6. A journal entry includes a debit to the Work in Process Inventory and a credit to the Raw Material Inventory. The explanation for this would be that
a. Material was placed into production
b. Material was purchased
c. Direct material was placed into production
d. Indirect material was placed for production

7. The job order cost sheets for incomplete jobs at the end of the period comprise the subsidiary ledger for
a. Finished Goods Inventory
b. Raw Material Inventory
c. Work in Process Inventory
d. Supplies Inventory

8. Which transaction would be recorded in the job cost sheet?
a. Purchase of direct materials

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b. Payment of direct labor
c. The payment of factory expenses
d. None of the above

9. Which of the following is not a characteristic of a job order costing system?
a. Uses only one Work in Process account
b. It provides a separate record for the cost of each quantity of product that passes through the factory
c. It accumulated costs for each department within the factory
d. It is best appropriate for companies that manufacture custom goods

10. The cost of a completed but unsold job is part of:
a. Cost of Goods Sold
b. Work in Process inventory balance
c. Material inventory balance
d. Finished Goods inventory balance

11. Under the job-order costing system, the use of indirect material would usually be recorded as an increase in
a. Materials
b. Work in Process
c. Factory overhead applied
d. Factory overhead control

12. The job cost sheet:
a. Is discarded after production is completed on a particular job
b. Contains only direct costs such as direct material and direct labor
c. Summarizes all costs charged to a particular job
d. Is useful only in process costing

13. In a job-order costing system, the subsidiary ledger for Finished Goods Inventory is comprised of
a. All job order cost sheets
b. Job order cost sheets for all uncompleted jobs
c. Job order cost sheets for all completed jobs not yet sold
d. Job order cost sheets for all ordered, uncompleted, and completed jobs

14. The over-applied factory overhead would occur if:
a. The plant was operated at a less-than-normal capacity
b. Actual factory overhead costs incurred were less than estimated factory overhead costs
c. Actual factory overhead costs incurred were less than factory overhead costs charged to production
d. Actual factory overhead costs incurred were greater than factory overhead charged to production.

15. Job Order and Process Costing are:
a. Pricing systems

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b. Inventory tracking system
c. Cost accounting system
d. Cost flow system

16. A manufacturing firm produces goods in accordance with customer specifications, commencing production upon receipt of a purchase order. To accumulate the cost of each order, the company would use a:
a. Job-cost sheet
b. Production order form
c. Cost of production report
d. Material Requisition form

17. Which of the following statements is correct concerning job-order costing?
a. Job order costing is mainly used in firms with homogeneous products such as oil refineries
b. Indirect materials are charged to a specific job
c. Job-order costing would be appropriate for a manufacturer of airplane
d. All the costs appearing on the job order cost sheet are actual costs

18. Which of the following would usually be found on a job cost sheet under a normal cost system?

	Actual Direct Materials	Actual FOH Cost
a.	Yes	Yes
b.	**Yes**	**No**
c.	No	Yes
d.	No	No

19. Which of the following types of companies typically would use process costing rather than job-order costing?
a. A breakfast cereal manufacturer
b. A small appliance repair shop
c. A manufacturer of commercial passenger aircraft
d. A specialty equipment manufacturer

20. In a job-order costing system, which of the following events would trigger the recording of data on a job cost sheet?
a. The purchase of raw materials on account
b. The payment of advertising expenses
c. The payment of taxes for factory building
d. None of the above

21. The main accounting document used in a job-order costing system is a(n)
a. Bill of materials
b. Job-order cost sheet
c. Employee timesheet
d. Material requisition
22. The journal entry for jobs completed is
a. Debit Cost of Goods manufactured

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b. Debit Work in Process
c. Debit Cost of Goods Sold
d. Debit Finished Goods

23. The journal entry to record goods shipped to the customer is:
a. Debit Finished Goods
b. Credit Work in process
c. Debit Cost of Goods Sold
d. Credit Goods Completed

24. In the job order costing system, when goods that have been ordered are received, the receiving department personnel count, inspect the goods, and complete a:
a. Purchase requisition
b. Receiving report
c. Job cost sheet
d. Purchase order

25. The entry to record direct labor costs into production in a job order cost system is:
a. Debit factory overhead and credit work in process
b. Debit work in process and credit payroll
c. Debit work in process and credit factory overhead
d. Debit finished goods and credit payroll

26. Which of the following costs are not included in the Finished Goods Inventory?
a. Direct Materials
b. Direct Labor
c. Salesman Salary
d. Factory Supervisor Salary

27. The job cost sheet would provide information about all of the following items, except:
a. Cost of direct materials used
b. Applied factory overhead
c. Administrative costs
d. Direct labor hours worked

28. Darwin Corp. manufacturing factory overhead at year-end was under-applied, which is considered immaterial by the company. The year-end journal entry to record this amount would include:
a. a debit to the Cost of Goods Sold
b. a debit to Manufacturing Overhead, Finished Goods inventory, and Cost of Goods Sold account
c. a credit to Manufacturing Overhead, Finished Goods inventory, and Cost of Goods Sold account
d. a credit to the Cost of Goods Sold

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29. A custom home builder would likely utilize
a. Process costing
b. Job order costing
c. Hybrid costing
d. Backflush costing

30. Which of the following is a period cost?
a. Depreciation of factory machine
b. Overtime pay
c. Salary of factory security guard
d. Salary of office secretary

31. A job-cost sheet would provide information about all of the following items related to an order except:
a. Cost of direct materials used
b. Administrative costs
c. Applied manufacturing overhead
d. Direct labor hours worked

32. Which of the following is the correct flow of manufacturing costs?
a. Raw Materials, Finished Goods, Work in Process, and Cost of Goods Sold
b. Raw Materials Work in Process, Cost of Goods Sold and Finished Goods
c. Raw Materials, Cost of Goods Sold, Work in Process and Finished Goods
d. Raw Materials, Work in Process and Finished Goods, Cost of Goods Sold

33. When using normal costing, the total production cost of a job is composed of:
a. Direct material and direct labor only
b. Estimated costs of direct material, direct labor, manufacturing overhead
c. Direct material, direct labor, and applied manufacturing overhead
d. Direct material, direct labor, and actual manufacturing overhead

34. A bookkeeper debited the Work in Process Inventory and credited the manufacturing overhead account. The company uses a normal costing accumulation method. The bookkeeper was:
a. recognizing actual factory overhead incurred during the period
b. recognizing job completed
c. applying a predetermined factory overhead amount to production
d. adjusting the amount of under-applied factory overhead

35. When using actual costing, the total production cost of a job is composed of:
a. Direct material and direct labor only
b. Estimated costs of direct material, direct labor, manufacturing overhead
c. Direct material, direct labor, and applied manufacturing overhead
d. Direct material, direct labor, and actual manufacturing overhead

36. Which of the following organizations would be most likely to use a job-order costing system?

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a. the loan department of a bank
b. the check clearing department of a bank
c. a manufacturer of processed cheese food
d. a manufacturer of video cassette tapes

37. Under-applied or over-applied manufacturing overhead is allocated, if amounts are considered material by the company and can be assigned to:
a. Raw-Material Inventory, Manufacturing overhead, and Direct Labor
b. Cost of Goods Sold, Work-in-Process Inventory, and Finished-Goods Inventory
c. Work-in-Process Inventory, Raw-Material Inventory, and Cost of Goods Sold
d. Raw Material Inventory, Work-in-Process Inventory, and Finished-Goods Inventory

38. The assignment of direct labor costs to individual jobs is based on:
a. The actual total payroll cost divided equally among all jobs in the process
b. The estimated total payroll cost divided equally among all jobs in the process
c. The actual time spent on each job multiplied by the wage rate
d. The estimated time spent on each job is multiplied by the wage rate

39. The entry to apply factory overhead to production under a job-order system is:
a. debit Cost of Goods Sold, credit Manufacturing overhead
b. debit Finished Goods Inventory, credit Work-in-Process Inventory
c. debit Work-in-Process Inventory, credit Manufacturing overhead
d. debit Work-in-Process Inventory, credit Direct Labor

40. Which of the following manufacturers would most likely use job-order costing?
a. Chemical manufacturers
b. Microchip processors
c. Custom-furniture manufacturers
d. Gasoline refiners

41. The source document that records the raw material that has been requested by the production department is the:
a. Job order cost sheet
b. Production order
c. Time tickets
d. Material requisition form

42. A job order costing system would be appropriate for:
a. Oil refinery Company
b. Construction Company
c. Meat Processor
d. Automobile Manufacturer

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43. In a job-order costing system, the incurrence of indirect labor costs would be recorded as a debit to
   a. Raw materials inventory
   b. Finished goods inventory
   c. Factory overhead control
   d. Work in Process inventory

44. Which of the following would record the labor costs of an individual job?
   a. Clock card
   b. In and Out card
   c. Time tickets
   d. Payroll register

45. In a job-order costing system, the cost of a completed but unsold job is:
   a. Part of Work in Process inventory balance
   b. Closed to COGS
   c. Part of Finished Goods inventory balance
   d. Adjusted to exclude any applied overhead

46. Which of the following statements about the job-order cost sheet is true?
   a. All job-order cost sheets serve as the general ledger control account for the Work in Process Inventory
   b. Job-order cost sheets can serve as subsidiary ledger information for both Work in Process Inventory and Finished Goods Inventory
   c. If material requisition forms are used, job-order cost sheets do not need to be maintained
   d. Job-order cost sheets show costs for direct material and direct labor, but not for manufacturing overhead since it is an applied amount

47. All manufacturing costs are added to the _____.
   a. Finished goods inventory account
   b. Raw materials account
   c. Cost of Goods Sold account
   d. Work in Process account

48. Which of the following statements is correct regarding the job order costing system?
   a. Probably makes a single product
   b. Cannot use standard cost
   c. Accumulates cost per department
   d. Does not have to calculate equivalent units of production

49. At the start of the year 2030, the factory overhead was estimated to be P501,720. At the end of the year, actual direct labor hours for the year were 41,600 hours, the actual factory overhead for the year was P491,720, and factory overhead for the year was under-applied by P21,640. If the predetermined factory overhead rate is based on direct labor hours, then the estimated direct labor hours at the beginning of the year used in the predetermined factory overhead rate must have been:

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a. 44,400 direct labor hours
b. 41,600 direct labor hours
c. 43,156 direct labor hours
d. 45,430 direct labor hours

Actual FOH 491,720
Applied FOH 470,080 (squeeze)
Underapplied 21,640

470,080/41,600 (Actual DLH) = 11.3

501,720/11.3 = **44,400 POHR**

50. At the beginning of August 2030, Paul Corporation had a P5,440 balance in its Work in Process inventory account. At the end of August, Paul's Work in Process inventory account had a balance of P16,490. During August, The company made the following journal entries:

Finished Goods P104,720
Work in Process P104,720

Cost of Goods Sold P99,110
Finished Goods P99,110

Req. 1: What is Paul's cost of goods manufactured?
a. P93,670
b. P104,720
c. P110,160
d. P88,060

Req. 2: What are Paul's total manufacturing costs?
a. P110,160
b. P115,770
c. P93,670
d. P99,110

TMC 115,770
WIP, beg. 5,440
WIP, end. (16,490)
COGM 104,720

51. The following information pertains to the Mars Company in November

	Direct Material	Direct Labor	Factory Overhead

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Job #1	P38,400	P54,000	?
Job #2	?	60,000	?
Job #3	68,040	?	P66,600

Mars Company applies factory overhead for Job # 1 at 140% of direct labor cost and at 150% of direct labor cost for Jobs #2 and #3. The total cost of Jobs #1 and #2 is the same.

Req. 1: What amount of factory overhead is applied to Job # 1?

a. P66,000
b. P75,600
c. P36,000
d. P90,000

Req. 2: What is the total amount of direct materials for Job #2?

a. P44,400
b. P90,000
c. P18,000
d. P23,400

Req. 3: Assume that Jobs #1 and #3 are not completed as of November. What is the balance in the Work in Process Inventory at the end of November?

a. P271,440
b. P347,040
c. P361,440
d. P227,040

	DM	DL	FOH	Total cost
Job 1	38,400	54,000	**75,600** (54,000 x 140%)	168,000
Job 2	18,000	60,000	90,000 (60,000 x 150%)	168,000
Job 3	68,040	44,400	66,600	179,040

168,000 - 90,000 - 60,000 = **18,000**
168,000 + 179,040 = **347,040**

52. Father Co uses a job order costing system. The following information was available for the manufacture of Job 101, 102, 103, 104, 105, and 106 as of

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December 31, 20x1. No jobs were in the production process on December 1, 20x1. The Factory overhead applied is charged to jobs at P1.50/DL hour.

Job No.	Direct Materials	Direct labor hours	Direct labor cost
101	4,320	1,300	1,600
102	9,150	3,700	7,250
103	11,275	8,200	14,325
104	3,225	1,500	2,800
105	6,500	3,200	6,100
106	2,750	980	1,650

Jobs 101, 102, 104, and 105 were completed. Jobs 101 and 102 were shipped out and the customer was billed P9,000 for Job 101 and P20,000 for Job 102. The amount of cost of goods manufactured:

a. P55,495
b. P56,495
c. P55,500
d. P57,500

	DM	DL	FOH	Total
Job 1	4,320	1,600	1,950 (1,300 x 1.50)	7,870
Job 2	9,150	7,250	5,550 (3,700 x 1.50)	21,950
Job 4	3,225	2,800	2,250 (1,500 x 1.50)	8,275
Job 5	6,500	6,100	4,800 (3,200 x 1.50)	17,400
				55,495

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53. Lotus Eaters Corporation charges factory overhead to production at a predetermined rate based on direct labor cost. The following data are given on its production for the month of January:

Job numbers #1, #2, and #3 were completed during the month. Job numbers #1 and #3 were sold.

	Job 1	Job 2	Job 3	Job 4	Total
Work in Process, Jan. 1					
Direct Materials	36,000	67,500			103,500
Direct labor	14,400	29,250			43,650
Applied FOH	?	?			34,920
Cost added in January					
Direct Materials	13,500	38,250	81,000	40,500	173,250
Direct Labor	5,400	20,250	33,750	13,500	72,900

Req. 1: The total cost of goods put into process is:

a. P226,890
b. P486,540
c. P428,220
d. P239,670

Req. 2: The total cost of goods manufactured is:

a. P421,740
b. P363,420
c. P304,470
d. P239,670

34,920/43,650 = 80% of labor
Job 1 = 14,400 x 80% = 11,520
Job 2 = 29,250 x 80% = 23,400

Cost added in January:

Job 1	4,320	(5,400 x 80%)
Job 2	16,200	(20,250 x 80%)
Job 3	27,000	(33,750 x 80%)
Job 4	10,800	(13,500 x 80%)
Total FOH	58,320	
DM	173,250	
DL	72,900	
TMC	304,470	

TMC	304,470	
WIP, beg.	182,070	(103.5k+43.65k+34.92k)
TGPP	**486,540**	
WIP, end.	(64,800)	(40.5k+13.5k+10.8k)
COGM	**421,740**	

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54. Axl Corporation uses a predetermined overhead rate based on machine hours to apply factory overhead to jobs. The company manufactures tools to customer specifications. The following data pertain to Job 101:

Direct materials used	21,000
Direct labor hours worked	1,500
Direct labor rate per hour	8
Machine hours used	1,000
Predetermined FOH rate per machine hour	15

What is the total manufacturing costs recorded on Job 101?

a. P48,000
b. P44,000
c. P51,500
d. P55,500

DM used	21,000	
DL	12,000	(1,500 x 8)
FOH	15,000	(1,000 x 15)
TMC	**48,000**	

55. China Crisis Corporation uses the job order costing system and the following information is available from the records.

Materials used	1,020,000
Direct labor per hour	8.50
Factory overhead applied based on direct labor cost	120%

Direct materials were issued as follows for each job, 30%, 25%, and 25% to jobs 10,11, and 12, respectively, the balance was considered indirect. Direct labor hours per job are 21,250; 26,350; and 35,700, respectively. Indirect labor is P280,500. Other actual factory overhead costs totaled P306,000.

Req. 1: If job 12 is completed and transferred, how much is the cost of goods manufactured?

a. P922,590
b. P821,950
c. P842,670
d. P1,186,090

Req. 2: The total work in process ending inventory is:

a. P1,625,965
b. P1,451,120
c. P703,375
d. P965,600

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	DM	DL	FOH	Total
Job 10	306,000	180,625	216,750	703,375
Job 11	225,000	223,975	268,770	747,745
Job 12	225,000	303,450	364,140	**922,590**

DM:

Job 10 1,020K x 30% = 360,000
Job 11 1,020K x 25% = 225,000
Job 12 1,020K x 25% = 225,000

Job 10 703,375
Job 11 747,745
WIP, end. 1,451,120

FOH:

Job 10 180,625 x 120% = 216,750
Job 11 223,975 x 120% = 268,770
Job 12 303,450 x 120% = 364,140

56. Julius Corporation applies factory overhead to jobs on the basis of direct labor hours. The following information related to the company's 2030 data:

	Estimated	Actual
Direct labor hours	30,000	29,600
Factory overhead cost	P600,000	P574,240

What was Julius under-applied or over-applied factory overhead for the year 2030:

a. P8,000 under-applied
b. P17,760 under-applied
c. P17,760 over-applied
d. P8,000 over-applied

600,000/30,000 = 20
29,600 x 20 = 592,000

Actual FOH 574,240
Applied FOH 592,000
Overapplied 17,760

57. Anthony Corporation has provided the following data concerning the factory overhead account of the company for the month of October. Prior to the closing of over or under-applied factory balance to the Cost of Goods Sold, the total of the debit to the Factory Overhead account was P397,500 and the total of the credits to the account was P517,500. Which of the following statements is correct?

a. Actual FOH incurred during the month of October was P517,500
b. FOH for the month was under applied P120,000
c. FOH applied to Work in Process account is P517,500
d. FOH transferred from Finished Goods to Cost of Goods Sold during the month was P397,500

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58. Harold Company, which applies factory overhead at the rate of 150% of direct material cost, began work on Job no. 711 in May. The job was completed in June and sold during July, having accumulated direct material and labor charges of P54,000 and P30,000, respectively. On the basis of this information, the total factory overhead applied to Job no. 711 amounted to:

a. P45,000
b. P81,000
c. P27,000
d. P15,000

DM 54,000
DL 30,000
FOH 81,000 (54,000 x 150%)

59. Ramon Corporation uses a predetermined factory overhead rate based on machine hours to apply factory overhead to jobs. The company has provided the following estimated cost for 2030:

Sales commissions	20,000
Salary of the production manager	10,000
Indirect materials	2,000
Factory Insurance	5,000
Direct materials	15,000
Direct labor	5,000
Advertising expenses	4,000

Ramon estimates that 2,500 direct labor hours and 5,000 machine hours will be worked during the year. The predetermined factory overhead rate will be:

a. P12
b. P13.60
c. P3.40
d. P6.00

Salary of the prod. manager	10,000
Indirect materials	2,000
Factory insurance	5,000
Applied FOH	17,000

POHR = 17,000/5,000 (DL) = **3.40 per machine hour**

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60. New Order Corporation's work-in-process inventory on February 1 per general ledger is P141,360. The job cost sheet for February is shown below.

Per Job Cost Sheets	Job 21	Job 22		
Direct materials	37,200	49,600		
Direct labor	18,600	15,500		
Amount Charged with Production in February:	Job 21	Job 22	Job 23	Job 24
Direct materials	18,600	12,400	37,200	27,900
Direct labor	6,200	9,300	16,120	12,400

Factory overhead is charged based on direct labor cost. Jobs 21 and 23 are completed during the month. The total amount of the cost of goods manufactured is:

a. P158,472
b. P197,160
c. P95,480
d. P133,920

The total work in process inventory is:

a. P149,420
b. P75,020
c. P27,280
d. P47,740

	Job 21		Job 23	
COGM	66,960		-	
	28,520		62,992	
	95,480	+	62,992	= **158,472**

TMC	166,532
WIP, beg.	141,360
COGM	(158,472)
Total WIP	**149,420**

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61. The Smiths Corporation uses a job order costing system. The following information was recorded in December:

		Cost Added during December	
Job No.	December 1	Direct Materials	Direct Labor
101	5,500	1,650	1,100
102	7,700	1,375	1,650
103	2,750	8,250	825
104	4,125	22,000	2,200

The direct labor wage rate is P10 per hour. Factory overhead applied at the rate of P5 per direct labor hour. Jobs # 101, 102, and 103 have been completed and transferred to finished goods. Job 102 has been delivered to the customers.

Req. 1: The total cost of goods manufactured is:
a. P32,587.50
b. P41,937.50
c. P62,012.50
d. P59,125.00

Req. 2: The total cost of goods sold is:
a. P11,550.00
b. P3,850.00
c. P21,037.50
d. P32,587.50

Req. 3: Total amount of work in process end is:
a. P41,662.50
b. P28,325.00
c. P23,787.50
d. P29,425.00

	DM	DL	FOH	Dec. 1 Bal	Total
Job 101	1,650	1,100	550	5,500	8,800
Job 102	1,375	1,650	825	7,700	11,550
Job 103	8,250	825	412.5	2,750	12,237.50
Job 104	22,000	2,200	1,100	4,125	29,425
					62,012.50

FOH:
Job 101 (1,100/10) x 5 = 550
Job 102 (1,650/10 x 5 = 825
Job 103 (825/10) x 5 = 412.5
Job 104 (2,200/10) x 5 = 1,100

WIP, beg.	62,012.50
COGM	(32,587.50)

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COGM: **WIP, end. 29,425**

Job 101	8,800
Job 102	11,550
Job 103	12,237.50
Total	**32,587.50**

COGS: Job 102 = **11,550**

62. MAHAL KITA Co. uses a job order costing system to manufacture its customers' orders. The following data is available for the month of March:

In Process beginning (5 partially completed jobs)	600,000
Orders completed (18)	4,800,000
Orders shipped (14)	4,000,000
Materials requisitioned for the month	3,400,000
Direct labor cost	1,600,000
Overhead rate based on direct labor cost	150%

The work in process inventory was:

a. P1,400,000
b. P600,000
c. P3,200,000
d. P2,800,000

DLC 1,600,000 x 150% = 2,400,000 FOH

TMC	7,400,000 (3,400k + 1,600k + 2,400k)
WIP, beg.	600,000
COGM	(4,800,000)
WIP	**3,200,000**

63. Allan Corp. uses a job-order costing system and the following information is given. The company has three jobs in process: Job# 1, Job# 2, and Job#3.

Raw materials used	840,000
Direct labor per hour	8.50
Factory overhead applied based on direct labor cost	120%

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Direct materials were requisitioned as follows for each job: 30%, 25%, and 25%, respectively, and the balance is for indirect materials. Direct labor hours per job are 17,500; 21,700; and 29,400, respectively. Indirect labor incurred is P231,000. Other actual factory overhead costs incurred totaled P252,000.

Req. 1: What are the total prime costs of job# 1?

a. P512,750
b. P579,250
c. P295,750
d. P400,750

Req. 2: What is the total factory overhead applied to job# 2?

a. P221,340
b. P210,000
c. P127,750
d. P184,450

Req. 3: What is the total amount of actual factory overhead incurred?

a. P651,000
b. P699,720
c. P252,000
d. P483,000

Req. 4: What is the amount of the factory overhead applied to process?

a. P930,720
b. P699,720
c. P699,720
d. P483,000

Req. 5: If job# 3 is completed and transferred, what is the balance of work in process at the end of the period?

a. P1,195,040
b. P976,780
c. P676,900
d. P693,140

Req. 6: Assume the balance of work in process beginning was P129,500 and 177,079 work in process end. The balance of work in process end represents a job that contains materials of 78,750. How many direct labor hours were spent on this job? (Rounded to the nearest hour)

a. 5,258
b. 9,268
c. 11,571
d. 20,832

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	DM	DL	FOH	Total cost
Job 1	252,000	148,750	178,500	579,250
Job 2	210,000	184,450	**221,340**	615,790
Job 3	210,000	249,900	299,880	759,780
	672,000	583,100	**699,720**	1,954,820

DM:
Job 1 840,000 x 30% = 252,000
Job 2 840,000 x 25% = 210,000
Job 3 840,000 x 25% = 210,000

DL:
Job 1 17,500 x 8.50 = 148,750
Job 2 21,700 x 8.50 =184,450
Job 3 29,400 x 8.50 = 249,900

FOH
Job 1 148,750 x 120% = 178,500
Job 2 184,450 x 120% = 221,340
Job 3 249,900 x 120% = 299,880

PC = 252,000 + 148,750 = **400,750**

Indirect M	168,000 (840,000 x 20%)	
Indirect L	231,000	
Indirect FOH	252,000	
Actual FOH	**651,000**	

WIP, end. 177,079
Materials (78,750)
98,329
= 98,329/8.50
= 11,571

Total	1,954,820
Job 3	(759,780)
WIP, end.	**1,195,040**

64. Ed Sheeran Corporation inventories for the month of October were as follows:

	October 1	October 31
Direct Materials	217,750	201,500
Work in Process	471,250	555,750
Finished Goods	276,250	253,500

Production data for the month:

Direct labor cost incurred	650,000
Direct labor hours	81,250
Actual factory overhead cost incurred	429,000
Direct materials purchased	536,250

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The company applied factory overhead cost to jobs based on direct labor hours, and the predetermined rate is P5.75 per direct labor hour. The company does not close the under or over-applied factory overhead to the Cost of Goods Sold until the end of the year.

Req. 1: What is the amount of Cost of Goods Manufactured?

a. P1,901,250
b. P1,585,187.50
c. P1,653,437.50
d. P1,631,500

Req. 2: What are the total manufacturing costs?

a. P1,631,500.00
b. P1,669,687.50
c. P1,381,687.50
d. P1,871,187.50

Req. 3: The cost of goods sold under actual costing:

a. P1,569,750.00
b. P1,607,937.50
c. P1,861,437.50
d. P1,823,250.00

Req. 4: The over or under-applied factory overhead cost:

a. Over-applied P38,187.50
b. Under-applied P38,187.50
c. Over-applied P69,062.50
d. Under-applied P69,062.50

RM,beg	217,750	COGM	1,585,187.50
Purchased	536,250	FG, beg.	276,250
	754,000	TGAS	1,861,437.50
RM, end	(201,500)	FG, end.	(253,500)
DM used	552,500	**COGS**	**1,607,937.50**
DL	467,187.50 (81,250 x 5.75)		
FOH	650,000		
TMC	**1,669,687.50**		
WIP, beg.	471,250	Actual FOH	429,000
TGPP	2,140,937.50	Applied FOH	467,187.50
WIP, end.	(555,750)	**Overapplied**	**38,187.50**
COGM	**1,585,187.50**		

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65. Fred Corp. uses a job-order costing system. At the beginning of May, the company had two jobs in process with the following costs:

	Direct Material	Direct Labor	Factory Overhead
Job #1	P20,400	P3,060	P1,530
Job #2	6,600	1,734	?

Fred Corp pays its workers P8.50 per hour and applies factory overhead on a direct labor-hour basis.

What is the factory overhead application rate per direct labor hour?

a. P3.50
b. P2.00
c. P4.25
d. P4.00

During May, Fred Corp. employees worked on Job # 3. At the end of the month, P4,284 of factory overhead had been applied to this job. Total Work in Process at the end of the month was P40,800 and all other jobs had a total cost of P23,886. What amount of direct material is included in Job #3?

a. P27,948
b. P8,346
c. P12,852
d. P4,062

	DM	DL	FOH	Total cost
Job 1	**4,062**	8,568	4,284	16,914

DL (4,284/4.25) x 8.50 = 8,568
PHOR = 3,060/8.50 = 360hrs
= 1,530/360 = **4.25 per direct labor hour**

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66. Tears for Fears Corporation uses the job order costing system. The following data appears in the ledger accounts of the company for the month of January:

	Debit
Work in Process	105,000
Direct Materials	210,000
Direct Labor	175,000
Factory Overhead	140,000
Cost of Goods Manufactured	(542,500)

The factory overhead is applied at a predetermined rate of 80% of direct labor cost. For the month of January, Job 707, the only job in process, has a factory overhead cost amounting to P16,100. The total direct material cost charged to Job 707 is:

a. P51,275
b. P36,225
c. P70,000
d. P87,500

The total conversion cost is:

a. P36,225
b. P87,500
c. P103,600
d. P105,000

DM	210,000
DL	175,000
FOH	140,000
TMC	525,000
WIP, beg.	105,000
WIP,end.	(87,500) squeeze
COGM	542,500

Job 707:

DM	**51,275**
DL	20,125 (16,100/80%)
FOH	16,100
TMC	87,500

CC = 20,125 + 16,100 = **36,225**

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67. Work in Process of the Cure Corporation on January 1, 2030, Job number 501 has direct materials costs of P227,500, direct labor costs of P136,500, and applied factory overhead of P163,800. During the month, direct materials were requisitioned, and direct labor was identified with orders as follows:

Job no.	Direct Material	Direct Labor	Total
501	-	169,000	169,000
502	253,500	292,500	546,000
503	344,500	305,500	650,000
504	305,500	104,000	409,500

Job orders 501, 502, and 503 were completed and sold in January. How much is the cost of goods manufactured?

a. P2,813,200
b. P2,447,900
c. P2,330,900
d. P2,819,700

	501		502		503	
DM	227,500		253,500		344,500	
DL	136,500		292,500		305,500	
FOH	163,800		351,000		366,600	
TMC	527,800		897,000		1,016,600	
DL	169,000					
FOH	202,800					
Total	899,600	+	897,000	+	1,016,000	= **2,813,200**

PHOR 163,800/136,500 = 1.2
FOH:
Job 501 - 169,000 x 1.2 = 202,800
Job 502 - 292,500 x 1.2 = 351,000
Job 503 - 305,500 x 1.2 = 366,600

68. Junior Corp. uses a predetermined factory overhead application rate of P8 per direct labor hour. A review of the company's accounting records for the year just ended discovered the following data:

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The company has under-applied manufacturing overhead of P25,200; Actual manufacturing overhead of P1,372,000; Budgeted labor hours of 175,000; Junior's actual labor hours worked totaled:

a. 168,350
b. 171,850
c. 174,650
d. 178,150

Budgeted LH 175,000 x 8 PHOR = 1,400,000
1,400,000 - 25,500 = 1,374,800/8
= **171,850 Actual LH**

69. BENJ Company uses a job-order costing system and the following information is available from its records. The company has three jobs in process: #1, #2, and # 3.

Raw materials used	900,00
Direct labor per hour	8.50
Factory overhead applied based on direct labor cost	120%

Direct material was requisitioned as follows for each job respectively: 30%, 25%, and 25%t; the balance of the requisitions was considered indirect. Direct labor hours per job are 18,750; 23,250; and 31,500; respectively. Indirect labor is P247,500. Other actual factory overhead costs totaled P270,000.

Req. 1: What is the total amount of factory overhead applied to Job #2?

a. P225,000
b. P197,625
c. **P237,150**
d. P136,875

DL 23,250 x 8.50 = 197,625
FOH 197,625 x 120% = **237,150**

Req. 2: What is the total amount of actual factory overhead?

a. P270,000
b. P749,700
c. P517,500
d. **P697,500**

Indirect M 180,000 (900,000 x 20%)
Indirect L 247,500
Indirect FOH 270,000
Actual FOH 697,500

Req. 3: How much factory overhead is applied to Work in Process?

a. P997,200
b. P517,500
c. P1,080,000
d. P749,700

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Req. 4: If Job # 3 is completed and transferred, what is the balance in Work in Process end?

a. P1,046,550
b. P742,650
c. P1,280,400
d. P725,250

Job 1: DLH 18,750 x 8.50 = 159,375 DLC
FOH applied - 159,375 x 120% = 191,250

Job 2: DLH 23,250 x 8.50 = 197,625 DLC
FOH applied - 197,625 x 120% = 237,150

Job 3: DLH 31,500 x 8.50 = 267,750 DLC
FOH applied - 267,760 x 120% = 321,300

FOH applied:			Job 1		Job 2	
Job 1	191,250	DM	270,000	(900k x 30%)	225,000	(900k x 25%)
Job 2	237,150	DL	159,375		197,625	
Job 3	321,300	FOH	191,250		237,150	
Total	**749,700**	TMC	620,625	+	659,775 =	**1,280,400**

70. The Care Corporation records for August contained the following information:

Actual direct labor per hour	31,500
Actual direct labor cost	164,500
Direct material purchased	56,000
Direct material used	49,000
Cost of Goods Sold	350,000
Over-applied factory overhead	17,500
Ending Inventories:	
Raw materials	105,000
Work in process	175,000
Finished goods	245,000

Req. 1: The raw materials beginning is:

a. **P98,000**
b. P105,000
c. P49,000
d. P56,000

RM, beg.	**98,000**
Purchases	56,000
RM, end.	(105,000)
DM used	49,000

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Req. 2: The company uses a predetermined rate of P5.00 per direct labor hour to apply factory overhead to jobs.

a. P175,000
b. P192,500 Actual DLH = 31,500 x 5
c. P140,000 = **157,500 FOH applied**
d. P157,500

Req. 3: The total cost added to Work in Process inventory during August:

a. P353,500
b. **P371,000**
c. P213,500
d. P388,500

DM used	49,000
DL	164,500
FOH	157,500
TC	**371,000**

71. Sam Corporation uses a job order costing system. At the beginning of August, Sam only had one job in process, Job # 11. This job was finished in August by incurring additional direct costs of P3,325 for materials and P6,650 for labor. Also during August, Job # 12 was started and finished. The direct costs assigned to this job were P11,400 for materials and P9,025 for labor. Job # 13 was started in August but was not finished by the end of the month. The direct costs assigned to this job were P7,790 for materials and P5,130 for labor. Sam applies factory overhead to its product at a rate of 300% of direct labor. Sam's cost of goods manufactured for August was P138,415. How much is the work in process inventory account beginning balance?

a. P62,605
b. P90,915
c. P32,680
d. P60,990

	Job 11	Job 12	Job 13	Total
DM	3,325	11,400	7,790	22,515
DL	6,650	9,025	5,130	20,805
FOH	19,950	27,075	15,390	62,415
				105,735

FOH:
Job 11 - 6,650 x 300% = 19,950
Job 12 - 9,025 x 300% = 27,075
Job 13 - 5,130 x 300% = 15,390

TMC	105,735
COGM	(138,415)
WIP, beg.	**32,680**

72. De Jesus Corporation, a shoe maker, uses a job order costing system. At the beginning of the year 2030, the company had P247,000 in its Work in Process inventory account. The following information related to De Jesus Corporation's operations:

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Cost of goods manufactured	502,000
Cost of Goods Sold	509,000
Direct labor cost incurred	78,000
Direct materials cost requisitioned	114,000
Factory overhead cost incurred	296,000
Selling and General Expenses incurred	25,000
Under-applied factory overhead	11,000

Assuming the factory overhead account has not yet been closed to Cost of Goods Sold account, what is the balance of Work in Process account at the end of the year 2030?

a. P156,000
b. P222,000
c. P275,000
d. P390,000

The total manufacturing cost under actual costing:

a. P488,000
b. P526,000
c. P477,800
d. P502,000

DM 114,000
DL 78,000
FOH 296,000
TMC 488,000
WIP, beg. 247,000
TGPP 724,000 (735,000 - 11,000(underapplied))
WIP, end. (222,000)
COGM 502,000

73. The Wild Swans Corporation had only one job in process on February 1. The job had been charged with P21,600 of direct materials, P83,592 of direct labor, and P119,232 factory overhead. The company assigns factory overhead to jobs using the predetermined rate of P18.40 per direct labor hour. During February, the activity was recorded:

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Raw materials (all direct materials)	
Beginning balance	P102,000
Purchased during the month	P456,000
Used in Production	P471,600
Labor:	
Direct labor hours worked during the month	22,800
Direct labor cost incurred	P294,120
Actual factory costs incurred	P399,600
Inventories:	
Raw Materials, Feb. 28	?
Work in Process, Feb 28	P203,244

Work in Process inventory on February 28 contains P44,892 of direct labor costs. Raw materials consist of items that are classified as direct materials.

The total cost of goods put into process is:

a. P1,185,240
b. P1,409,664
c. P1,206,420
d. P471,600

Req. 1: The ending balance of Raw materials inventory account:

a. P369,600
b. P86,400
c. P354,000
d. P15,600

Req. 2: The cost of goods manufactured is:

a. P1,165,320
b. P1,327,200
c. P1,185,240
d. P1,206,420

Req. 3: The total entry to dispose the over or under-applied factory overhead costs would include:

a. Credit of P64,032 to FOH
b. Credit of P19,920 to FOH
c. Debit of 64,032 to FOH
d. Debit of P19,920 to FOH

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RM, beg.	102,000	WIP, beg.:	
Purchases	456,000	DM	21,600
RM, end.	**(86,400)** squeeze	DL	83,592
DM used	471,600	FOH	119,232
DL	294,120	Total	224,424
FOH	419,520 (22,800 x 18.40)		
TMC	1,185,240		
WIP, beg.	224,424		
TGPP	**1,409,664**	Actual FOH	399,600
WIP, end.	(203,244)	Applied FOH	419,520
COGM	**1,206,420**	**Overapplied**	**19,920**

74. The following is information regarding the work in process and factory overhead account of Maribel Corp.

Factory Overhead			
Sept 1-30	435,000	?	31 Applied

Work in Process			
Sept 1	825,000		
31 Direct Materials	?	3,090,000	Completed
31 Direct Labor	1,350,000		
31 Factory overhead	?		

If the balance of Work in Process on Sept. 30 is P660,000, what was the amount of factory overhead applied to production, assuming the factory overhead rate is 30% of direct labor costs?

a. 30,000
b. 360,000
c. 210,000
d. 405,000

What is the amount of direct materials used?

a. 405,000
b. 1,170,000
c. 1,575,000
d. 1,830,000

What is the amount of over or under-applied factory overhead?

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a. 30,000 under
b. 30,000 over
c. 75,000 over
d. 75,000 under

Actual FOH 435,000
Applied FOH 405,000
Underapplied 30,000

Total WIP Inventory = 3,090,000 + 660,000 = 3,750,000
FOH applied = 1,350,000 x 30% = **405,000**
DM used = 3,750,000 - 405,000 - 1,350,000 - 825,000 = **1,170,000**

75. Bamboo Corporation uses job order costing. The factory overhead is applied using a predetermined rate of 150% of direct labor cost. Any over or underapplied factory overhead is considered immaterial. Additional information available is available as follows:

Job 101 was the only job in process on February 28. The job cost sheet for this job contained the following costs at the beginning of the month:

Direct materials	60,000
Direct labor	30,000
Applied factory overhead	45,000

- Jobs 102, 103, and 104 were started during March.
- Direct materials requisitions for March totaled P390,000.
- Direct labor cost of P300,000 was incurred for March.
- Actual factory overhead was P480,000 in March
- The only job still in process on March 31 was Job 104, with a cost of P42,000 for direct materials and P27,000 for direct labor.

Req. 1: The over or under-applied factory overhead was:
a. P10,500 over
b. P10,500 under
c. P30,000 over
d. **P30,000 under**

Actual FOH 480,000
Applied FOH 450,000
Underapplied 30,000

Req. 2: The cost of goods manufactured for March was:
a. P1,165,500
b. P1,170,000
c. P1,195,500
d. P1,275,000

	Job 101		Job 102	
DM	60,000		390,000	
DL	30,000		300,000	
FOH	45,000		480,000	
Total	135,000	+	1,170,000	= 1,305,000
			Job 104	109,500
			COGM	**1,195,500**

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FOH:
Job 101 - 30,000 x 150% = 45,000
Job 102 - 300,000 x 150% = 480,000
Job 104 - 27,000 x 150% = 40,500

Job 104 = 42,000 + 27,000 + 40,500 = 109,500

76. Flaming Sword Corporation employs a job order cost system. Its manufacturing activities in January 2030 are summarized as follows:

	Job Numbers			
	101	102	103	104
Direct materials	35,000	29,000	58,000	25,000
Direct labor cost	33,000	30,000	42,000	12,000
Direct labor hours	5,500	5,000	7,000	2,000
Units Produced	1,000	500	5,000	1,500

Factory overhead is applied at a rate of P2 per direct labor hours for variable overhead and P3 per hour for fixed overhead. Jobs 101, 102, and 103 were completed in January. What is the amount of the cost of goods completed jobs in January?

a. P329,500
b. P364,500
c. P312,500
d. P314,500

	Job 101		Job 102		Job 103	
DM	35,000		29,000		58,000	
DL	33,000		30,000		42,000	
FOH	11,000		10,000		14,000	
VOH	16,500		15,000		21,000	
Total	95,500	+	84,000	+	135,000	= **314,500**

FOH:
Job 101 - 5,500 x 2 = 11,000
Job 102 - 5,000 x 2 = 10,000
Job 103 - 7,000 x 2 = 14,000

VOH:
Job 101 - 5,500 x 3 = 16,500
Job 102 - 5,000 x 3 = 15,000
Job 103 - 7,000 x 3 = 21,000

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77. Rage Against The Machine Corporation has under-applied factory overhead of P360,000 for the year ended December 31. Before the disposition of the under-applied overhead, selected December 31 data from Rage Against The Machine's accounting records are as follows:

Sales	9,600,000
Cost of Goods Sold	5,760,000
Overhead applied during the year in ending inventories:	
Work in Process	432,000
Finished Goods	720,000

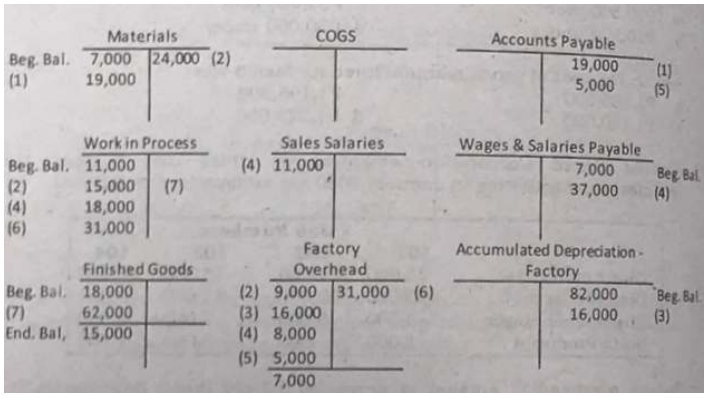
Under the company's cost accounting system, over or under-applied overhead is allocated to ending inventories and cost of goods sold based on the amount of overhead applied during the year in the ending balance of each account. The Cost of Goods Sold in the company's income statement would be:

a. P5,460,000
b. P5,472,000
c. P6,048,000
d. P6,060,000

		Underapplied Pro-rata:
WIP, end.	432,000	22,500 (432k/6,912k x 360k)
FG, end	720,000	37,500 (720k/6,912k x 360k)
COGS	5,760,000	300,000 (5,760k/6,912k x 360k)
Total	6,912,000	360,000

COGS = 5,760,000 + 300,000 = **6,060,000**

78. The following T-accounts are for Skid Row Corporation:



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Req. 1: The total indirect materials used in the production:

a. P15,000
b. P24,000
c. P9,000
d. P2,000

Req. 2: The total cost of goods put into process is:

a. P75,000
b. P64,000
c. P62,000
d. P13,000

Req. 3: The cost of goods manufactured is:

a. P64,000
b. P82,000
c. P71,000
d. P62,000

Req. 4: The total indirect labor cost is:

a. P8,000
b. P15,000
c. P18,000
d. P37,000

Req. 5: The actual cost of goods sold is:

a. P72,000
b. P69,000
c. P58,000
d. P65,000

Req. 6: The total actual factory overhead is:

a. P31,000
b. P38,000
c. P7,000
d. P24,000

RM, beg.	7,000
Purchases	19,000
RM, end.	(11,000)
DM used	15,000
DL	18,000
FOH	**31,000**
TMC	64,000
WIP, beg.	11,000
TGPP	**75,000**
WIP,end.	(13,000)
COGM	**62,000**

COGM	62,000
FG, beg.	18,000
TGAS	80,000
FG, end.	(15,000)
COGS	**65,000**

FOH 31,000 = **(8,000 IL)** + **(9,000 IM)**

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79. Bono Corporation uses the job order costing system. The following debits (credits) appeared in the Work in Process account for the month of January:

Jan. 1	Balance	74,000
Jan. 31	Direct materials	444,000
Jan. 31	Direct labor	296,000
Jan. 31	Factory Overhead	236,800
Jan. 31	To Finished Goods	(888,000)

Bono applies factory overhead costs to jobs at a predetermined rate of 80% of direct labor. Job# 33 has been charged with direct labor of P37,000. How much is the amount of direct materials charged to Job# 33?

a. P46,250
b. P55,500
c. P96,200
d. P125,800

		Job 33		
DM	444,000	**DM**	**96,200**	
DL	296,000	DL	37,000	
FOH	236,800	FOH	29,600	(37,000 x 80%)
TMC	976,800	TMC	162,800	
WIP, beg.	74,000			
WIP,end.	(162,800)			
COGM	888,000			

80. Using the data in problem 62, Assume the balance in the Work in Process Inventory was P138,750 on October 1 and P189,727.50 on October 30. The balance on October 30 represents one job that contains direct material of P84,375. How many direct labor hours have been worked on this job (rounded to the nearest hour)?

a. 9,930
b. 5,634
c. 22,320
d. 12,398

WIP, end.	189,727.50
Materials	(84,375)
	105,352.50

DLH = 105,352.50/8.50 = **12,398**

81. Felly Corp. produces jobs based on customers' specifications. During August, Job #1 was processed and the following information is available:

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Direct materials used	P13,750
Direct labor hours worked	82.5
Machine time used	33
Direct labor rate per hour	P38.5
Factory overhead application rate per hour of machine time	P99

What was the total cost of Job # 1 for August?

a. P25,184.50
b. P20,193.25
c. P18,195.75
d. P29,843.00

DM	13,750
DL	3,176.25 (82,500 x 38.5)
FOH	3,267 (33 x 99)
TMC	**20,193.25**

82. The following is the information regarding the work in process and finished goods account of Anna Corp for the month of April:

Finished Goods			
Apr. 1	208,000		
Apr. 30 Goods Finished	1,440,000		

Work in Process			
Apr. 1	60,000		
31 Direct Materials	386,800	?	Completed
31 Direct Labor	804,000		
31 Factory overhead	?		

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If the balance of Work in Process at April 30 is P84,000, what was the amount of factory overhead applied to production?

a. P45,200
b. **P273,200**
c. P283,200
d. P85,200

WIP,end. 84,000 + 1,440,000 (COGM)= 1,524,000
FOH applied = 1,524,000 - 60,000 - 386,800 - 804,000
= **273,200**

83. Shey Corp. has no Work in Process and Finished Goods inventories at the close of business on December 31 of the current year. The balances of Shey Corp accounts as of December 31 are as follows:

Unadjusted Cost of goods sold	P10,200,000
Selling & administrative expenses	4,500,000
Sales	18,000,000
Factory overhead control	3,500,000
Factory overhead applied	3,240,000

Income before tax for the current year is:

a. P3,450,000
b. P3,040,000
c. P3,560,000
d. P3,300,000

Unadjusted COGS	10,200,000
FOH applied	3,240,000
FOH control	(3,500,000)
Adjusted COGS	9,940,000

Sales	18,000,000
COGS	(9,940,000)
GP	8,060,000
SE & AE	(4,500,000)
Income	**3,560,000**

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