

## 1. MC.19.124

Use the information provided for Adams Company to answer the question that follow.

Adams Company is a manufacturing company that has worked on several production jobs during the first quarter of the year. The balances for the jobs for the quarter are as follows:

**Job. No. Balance**

356	\$450
357	1,235
358	378
359	689
360	456

Jobs 356, 357, 358, and 359 were completed. Jobs 356 and 357 were sold at a profit of \$500 on each job.

What is the gross profit for Adams Company at the end of the first quarter?

- ☐ a. \$2,685
- ☐ b. \$685
- ☐ c. \$1,000
- ☐ d. \$1,685

## 2. MC.19.54

For which of the following businesses would the process cost system be appropriate?

- ☐ a. landscaper
- ☐ b. paper mill
- ☐ c. custom cabinet maker
- ☐ d. catering firm

## 3. MC.19.63.ALGO (Algorithmic)

Thomlin Company forecasts that total factory overhead for the current year will be \$10,956,000 with 166,000 total machine hours. Year to date, the actual overhead is \$5,789,100, and the actual machine hours are 83,900 hours. If Thomlin Company uses a predetermined factory overhead rate based on machine hours for applying overhead, as of this point in time (year to date), the overhead is

- ☐ a. \$246,300 underapplied
- ☐ b. \$251,700 overapplied
- ☐ c. \$246,300 overapplied
- ☐ d. \$251,700 underapplied

## 4. MC.19.62.ALGO (Algorithmic)

Thomlin Company forecasts that total factory overhead for the current year will be \$15,364,000 with 167,000 total machine hours. Year to date, the actual overhead is \$8,010,000, and the actual machine hours are 90,000 hours. The predetermined factory overhead rate based on machine hours is

- ☐ a. \$48 per machine hour
- ☐ b. \$89 per machine hour

- ☐ c. \$171 per machine hour
- ☐ d. \$92 per machine hour

## 5. MC.19.97

All of the following are examples of activity bases **except**

- ☐ a. salaries of supervisors
- ☐ b. number of machine setups
- ☐ c. direct labor hours
- ☐ d. quality inspections of products

## 6. MC.19.134

A job order cost accounting system accumulates and records product costs by jobs. The resulting total and unit product costs can be used to do all of the following **except**

- ☐ a. create customer profiles for the sales staff
- ☐ b. compare actual costs to expected costs
- ☐ c. analyze cost trends over time
- ☐ d. make cost comparisons across similar jobs

## 7. MC.19.81.ALGO (Algorithmic)

Selected accounts with some amounts omitted are as follows:

Work in Process					
Aug. 1	Balance	270,500	Aug. 31	Goods finished	175,300
31	Direct materials	X			
31	Direct labor	43,000			
31	Factory overhead	X			

Factory Overhead					
Aug. 1 – 31	Costs incurred	92,200	Aug. 1	Balance	14,500
			31	Applied	X

If the balance of Work in Process on August 31 is \$209,700, what was the amount debited to Work in Process for factory overhead in August, assuming a factory overhead rate of 30% of direct labor costs?

- ☐ a. \$14,500
- ☐ b. \$175,300
- ☐ c. \$92,200
- ☐ d. \$12,900

## 8. MC.19.115.ALGO (Algorithmic)

A manufacturing company applies factory overhead based on direct labor hours. At the beginning of the year, it estimated that total factory overhead costs would be \$309,701 and direct labor hours would be 44,243. Actual factory

overhead costs incurred were \$352,941, and actual direct labor hours were 52,521. What is the amount of overapplied or underapplied manufacturing overhead at the end of the year?

- ☐ a. \$367,647 overapplied
- ☐ b. \$57,946 underapplied
- ☐ c. \$14,706 underapplied
- ☐ d. \$14,706 overapplied

#### 9. MC.19.53

For which of the following businesses would the job order cost system be appropriate?

- ☐ a. oil refinery
- ☐ b. lumber mill
- ☐ c. hospital
- ☐ d. canned soup processor

#### 10. MC.19.94

A widely used activity base for developing factory overhead rates in highly automated settings is

- ☐ a. direct labor dollars
- ☐ b. direct materials
- ☐ c. machine hours
- ☐ d. direct labor hours

#### 11. MC.19.93.ALGO (Algorithmic)

Reynolds Manufacturers Inc. has estimated total factory overhead costs of \$156,000 and expected direct labor hours of 13,000 for the current fiscal year. If Job 117 incurs 1,070 direct labor hours, Work in Process will be debited and Factory Overhead will be credited for

- ☐ a. \$78,000
- ☐ b. \$1,070
- ☐ c. \$12,840
- ☐ d. \$156,000

#### 12. MC.19.70

A summary of the materials requisitions completed during a period serves as the basis for transferring the cost of the materials from the materials controlling account in the general ledger to the controlling accounts for

- ☐ a. Work in Process and Factory Overhead
- ☐ b. Work in Process and Cost of Goods Sold
- ☐ c. Work in Process and Finished Goods
- ☐ d. Finished Goods and Cost of Goods Sold

#### 13. MC.19.105

Costs that are incurred in generating revenues during the period, but are not involved in the manufacturing process, are referred to as

- ☐ a. period costs

- ☐ b. factory overhead costs
- ☐ c. product costs
- ☐ d. conversion costs

#### 14. MC.19.138

In a job order cost accounting system used by a service business, which of the following items would normally **not** be included as part of overhead?

- ☐ a. indirect labor
- ☐ b. direct labor
- ☐ c. materials
- ☐ d. supplies