CH 14 - IN CLASS

QUESTION: TB TF Qu. 14-49 (Static) A manufacturer's cost of goods...

A manufacturer's cost of goods manufactured is the sum of direct materials used, direct labor, and factory overhead costs incurred in producing products.

True

False

SOLUTION

TB TF Qu. 14-49 (Static) A manufacturer's cost of goods...

A manufacturer's cost of goods manufactured is the sum of direct materials used, direct labor, and factory overhead costs incurred in producing products.

True

False

QUESTION

TB TF Qu. 14-50 (Static) Indirect materials are accounted for...

Indirect materials are accounted for as factory overhead because they are manufacturing costs that cannot be cost-effectively traced to finished goods.

True

False

SOLUTION

TB TF Qu. 14-50 (Static) Indirect materials are accounted for...

Indirect materials are accounted for as factory overhead because they are manufacturing costs that cannot be cost-effectively traced to finished goods.

True

False

QUESTION

TB TF Qu. 14-51 (Static) Direct labor refers to employees...

Direct labor refers to employees who directly convert materials to finished product.

True

False

Solution

TB TF Qu. 14-51 (Static) Direct labor refers to employees...

Direct labor refers to employees who directly convert materials to finished product.

True

False

QUESTION

TB TF Qu. 14-52 (Static) Factory overhead is charged to...

Factory overhead is charged to expense as it is incurred because it is a period cost.

True

False

SOLUTION

TB TF Qu. 14-52 (Static) Factory overhead is charged to...

Factory overhead is charged to expense as it is incurred because it is a period cost.

True

False

QUESTION

TB TF Qu. 14-53 (Static) Prime costs consist of direct labor and...

Prime costs consist of direct labor and factory overhead.

True

False

SOLUTION

TB TF Qu. 14-53 (Static) Prime costs consist of direct labor and...

Prime costs consist of direct labor and factory overhead.

True

False

QUESTION:

TB TF Qu. 14-54 (Static) Prime costs consist of...

Prime costs consist of direct materials costs and direct labor costs.

True

False

SOLUTION

TB TF Qu. 14-54 (Static) Prime costs consist of...

Prime costs consist of direct materials costs and direct labor costs.

True

False

QUESTION

TB MC Qu. 14-57 (Static) Managerial accounting is different from...

Managerial accounting is different from financial accounting in that:

Managerial accounting is more focused on the organization as a whole, while financial accounting is more focused on projects, processes, and divisions of the organization.

Managerial accounting never includes nonmonetary information.

Managerial accounting includes many projections and estimates whereas financial accounting has a minimum of predictions.

Managerial accounting is used extensively by investors, whereas financial accounting is used only by creditors.

Managerial accounting is structured and controlled by GAAP.

SOLUTION

TB MC Qu. 14-57 (Static) Managerial accounting is different from...

Managerial accounting is different from financial accounting in that:

Managerial accounting is more focused on the organization as a whole, while financial accounting is more focused on projects, processes, and divisions of the organization.

Managerial accounting never includes nonmonetary information.

Managerial accounting includes many projections and estimates whereas financial accounting has a minimum of predictions.

Managerial accounting is used extensively by investors, whereas financial accounting is used only by creditors.

Managerial accounting is structured and controlled by GAAP.

QUESTION

TB MC Qu. 14-58 (Static) Flexibility of practice when applied to...

Flexibility of practice when applied to managerial accounting means that:

The information must be presented in electronic format so that it is easily changed.

Managers must be willing to accept the information as the accountants present it to them, rather than in the format they ask for.

Managerial accounting information must follow concepts and rules known as GAAP.

Managerial accounting systems provide internal information reflecting the needs of managers to analyze, plan, and control products and processes.

Managerial accounting systems must provide consistent and comparable financial statements across companies.

SOLUTION

TB MC Qu. 14-58 (Static) Flexibility of practice when applied to...

Flexibility of practice when applied to managerial accounting means that:

The information must be presented in electronic format so that it is easily changed.

Managers must be willing to accept the information as the accountants present it to them, rather than in the format they ask for.

Managerial accounting information must follow concepts and rules known as GAAP.

Managerial accounting systems provide internal information reflecting the needs of managers to analyze, plan, and control products and processes.

Managerial accounting systems must provide consistent and comparable financial statements across companies.

QUESTION TB MC Qu. 14-60 (Static) Which of the following items is not...

Which of the following items is *not* a management concept that was created to improve company performance?

Just-in-time manufacturing.

GAAP constraints and guidelines.

Total quality management.

Continuous improvement.

Customer orientation.

SOLUTION

TB MC Qu. 14-60 (Static) Which of the following items is not...

Which of the following items is *not* a management concept that was created to improve company performance?

Just-in-time manufacturing.

GAAP constraints and guidelines.

Total quality management.

Continuous improvement.

Customer orientation.

QUESTION

TB MC Qu. 14-68 (Static) The process of monitoring...

The process of monitoring and evaluating an organization’s activities and employees is known as:

Planning.

GAAP.

A short-term action plan.

Continuous improvement.

Control.

SOLUTION

TB MC Qu. 14-68 (Static) The process of monitoring...

The process of monitoring and evaluating an organization’s activities and employees is known as:

Planning.

GAAP.

A short-term action plan.

Continuous improvement.

Control.

QUESTION: TB MC Qu. 14-69 (Static) A company manufactures basketball...

A company manufactures basketball hoops. Compute the total amount of conversion costs from the following costs.

| **Cost item** |
| --- |
| a. Metal for rims, $12,000 |
| b. Indirect materials, $5,000 |
| c. Fiberglass backboards, $14,000 |
| d. Insurance on factory, $8,000 |
| e. Assembly worker wages, $20,000 |
| f. Assembly supervisor salary, $9,000 |
| g. Factory utilities, $4,000 |
| h. Nets, $5,000 |
| i. Assembly worker benefits, $6,000 |

$26,000.

$46,000.

$52,000.

$33,000.

$17,000.

SOLUTION

TB MC Qu. 14-69 (Static) A company manufactures basketball...

A company manufactures basketball hoops. Compute the total amount of conversion costs from the following costs.

| **Cost item** |
| --- |
| a. Metal for rims, $12,000 |
| b. Indirect materials, $5,000 |
| c. Fiberglass backboards, $14,000 |
| d. Insurance on factory, $8,000 |
| e. Assembly worker wages, $20,000 |
| f. Assembly supervisor salary, $9,000 |
| g. Factory utilities, $4,000 |
| h. Nets, $5,000 |
| i. Assembly worker benefits, $6,000 |

$26,000.

$46,000.

$52,000.

$33,000.

$17,000.

Conversion Costs = Direct Labor + Factory Overhead  
Conversion Costs = Indirect Materials + Insurance on Factory + Assembly Worker Wages + Assembly Supervisor Salary + Factory Utilities + Assembly Worker Benefits  
Conversion Costs = $5,000 + $8,000 + $20,000 + $9,000 + $4,000 + $6,000  
Factory Overhead = $52,000

QUESTION:

TB MC Qu. 14-70 (Static) Use the following information...

Use the following information to compute the cost of direct materials used for the current year:

|  | **Beginning of Year** | **End of Year** |
| --- | --- | --- |
| **Inventories** |  |  |
| **Raw materials inventory** | $ 12,000 | $ 15,000 |
| **Work in process inventory** | 24,000 | 18,000 |
| **Finished goods inventory** | 17,000 | 11,000 |

|  |  |
| --- | --- |
| **Activity during current year** |  |
| **Raw materials purchased** | $ 247,000 |
| **Direct labor** | 188,000 |
| **Factory overhead** | 78,000 |
|  |  |

$259,000.

$244,000.

$262,000.

$241,000.

$274,000.

SOLUTION ; TB MC Qu. 14-70 (Static) Use the following information...

Use the following information to compute the cost of direct materials used for the current year:

|  | **Beginning of Year** | **End of Year** |
| --- | --- | --- |
| **Inventories** |  |  |
| **Raw materials inventory** | $ 12,000 | $ 15,000 |
| **Work in process inventory** | 24,000 | 18,000 |
| **Finished goods inventory** | 17,000 | 11,000 |

|  |  |
| --- | --- |
| **Activity during current year** |  |
| **Raw materials purchased** | $ 247,000 |
| **Direct labor** | 188,000 |
| **Factory overhead** | 78,000 |

$259,000.

$244,000.

$262,000.

$241,000.

$274,000.

|  |  |
| --- | --- |
| **Raw materials inventory, beginning** | $ 12,000 |
| **Raw materials purchased** | 247,000 |
| **Raw materials available for use** | 259,000 |
| **Raw materials inventory, ending** | 15,000 |
| **Direct materials Used** | $ 244,000 |

QUESTION:

TB MC Qu. 14-71 (Static) A direct cost is a cost that is:

A direct cost is a cost that is:

Not able to be traced through the manufacturing process.

Both a product cost and a period cost.

Linked to a time period but not to specific products.

Cost-effectively traceable to a cost object.

Not cost-effectively traceable to a cost object.

SOLUTION

TB MC Qu. 14-71 (Static) A direct cost is a cost that is:

A direct cost is a cost that is:

Not able to be traced through the manufacturing process.

Both a product cost and a period cost.

Linked to a time period but not to specific products.

Cost-effectively traceable to a cost object.

Not cost-effectively traceable to a cost object.

QUESTION:

TB MC Qu. 14-72 (Static) A product, process, department, or...

A product, process, department, or customer to which costs are assigned is a(n):

Cost object.

Direct cost.

Indirect cost.

Direct materials cost.

Direct labor cost.

SOLUTION:

TB MC Qu. 14-72 (Static) A product, process, department, or...

A product, process, department, or customer to which costs are assigned is a(n):

Cost object.

Direct cost.

Indirect cost.

Direct materials cost.

Direct labor cost.

QUESTION: TB MC Qu. 14-73 (Static) A classification of costs that determines...

A classification of costs that determines whether a cost is expensed to the income statement or capitalized to inventory is:

Direct labor versus indirect labor.

Direct materials versus indirect materials.

Financial versus managerial.

Service versus manufacturing.

Product versus period.

SOLUTION: TB MC Qu. 14-73 (Static) A classification of costs that determines...

A classification of costs that determines whether a cost is expensed to the income statement or capitalized to inventory is:

Direct labor versus indirect labor.

Direct materials versus indirect materials.

Financial versus managerial.

Service versus manufacturing.

Product versus period.

QUESTION TB MC Qu. 14-75 (Static) Hawk Company manufactures...

Hawk Company manufactures skateboards. Which of the following costs would be classified as both a prime cost and a conversion cost?

Wood used to make the skateboard.

Wheels used on each skateboard.

Depreciation on equipment.

Wages paid to assembly workers.

Factory insurance.

TB MC Qu. 14-75 (Static) Hawk Company manufactures...

Hawk Company manufactures skateboards. Which of the following costs would be classified as both a prime cost and a conversion cost?

Wood used to make the skateboard.

Wheels used on each skateboard.

Depreciation on equipment.

Wages paid to assembly workers. PP PAGE 14

Factory insurance.

QUESTION:

TB MC Qu. 14-76 (Static) Compute cost of goods sold...

Compute cost of goods sold using the following information:

|  |  |
| --- | --- |
| **Finished goods inventory, beginning** | $ 690,000 |
| **Work in process inventory, beginning** | 167,000 |
| **Work in process inventory, ending** | 144,600 |
| **Cost of goods manufactured** | 1,837,400 |
| **Finished goods inventory, ending** | 567,200 |

$1,692,800.

$1,859,800.

$1,147,400.

$1,270,200.

$1,960,200.

|  |  |
| --- | --- |
| **Finished goods inventory, beginning** | $ 690,000 |
| **Plus cost of goods manufactured** | 1,837,400 |
| **Cost of goods available for sale** | 2,527,400 |
| **Less finished goods inventory, ending** | 567,200 |
| **Finished goods inventory, ending** | $ 1,960,200 |

SOLUTION:

TB MC Qu. 14-76 (Static) Compute cost of goods sold...

Compute cost of goods sold using the following information:

|  |  |
| --- | --- |
| **Finished goods inventory, beginning** | $ 690,000 |
| **Work in process inventory, beginning** | 167,000 |
| **Work in process inventory, ending** | 144,600 |
| **Cost of goods manufactured** | 1,837,400 |
| **Finished goods inventory, ending** | 567,200 |

$1,692,800.

$1,859,800.

$1,147,400.

$1,270,200.

$1,960,200.

|  |  |
| --- | --- |
| **Finished goods inventory, beginning** | $ 690,000 |
| **Plus cost of goods manufactured** | 1,837,400 |
| **Cost of goods available for sale** | 2,527,400 |
| **Less finished goods inventory, ending** | 567,200 |
| **Cost of Goods Sold** | $ 1,960,200 |

Question:

TB MC Qu. 14-77 (Static) Compute cost of goods sold...

Compute cost of goods sold for a retailer using the following information:

|  |  |
| --- | --- |
| **Merchandise inventory, beginning** | $ 24,850 |
| **Merchandise inventory, ending** | 37,304 |
| **Cost of merchandise purchased** | 170,934 |

$158,480.

$183,388.

$146,084.

$133,630.

$12,454.

SOLUTION:

TB MC Qu. 14-77 (Static) Compute cost of goods sold...

Compute cost of goods sold for a retailer using the following information:

|  |  |
| --- | --- |
| **Merchandise inventory, beginning** | $ 24,850 |
| **Merchandise inventory, ending** | 37,304 |
| **Cost of merchandise purchased** | 170,934 |

$158,480.

$183,388.

$146,084.

$133,630.

$12,454.

Cost of Goods Sold = Beginning Merchandise Inventory

+ Cost of Merchandise Purchased

− Ending Merchandise Inventory  
  
 = Cost of Goods Sold

= $24,850 + $170,934 − $37,304 = $158,480

QUESTION:

TB MC Qu. 14-78 (Static) Which of the following is not...

Which of the following is *not* a direct cost for a scooter manufacturer?

Office rent.

Wheels.

Handlebars.

Brakes.

Grip tape.

SOLUTION:

TB MC Qu. 14-78 (Static) Which of the following is not...

Which of the following is *not* a direct cost for a scooter manufacturer?

Office rent.

Wheels.

Handlebars.

Brakes.

Grip tape.

QUESTON

TB MC Qu. 14-79 (Static) Which of the following is an...

Which of the following is an indirect cost of manufacturing scooters?

Scooter assembly wages.

Wheels.

Supervisor salary.

Brakes.

Handlebars.

SOLUTION

TB MC Qu. 14-79 (Static) Which of the following is an...

Which of the following is an indirect cost of manufacturing scooters?

Scooter assembly wages.

Wheels.

Supervisor salary.

Brakes.

Handlebars.

Question

TB MC Qu. 14-85 (Static) Marshall Corporation incurred costs...

Marshall Corporation incurred costs for materials and labor needed to manufacture its products. These costs are examples of:

Period costs.

Product costs.

General and administrative expenses.

Selling expenses.

Nonmanufacturing costs.

Solution

TB MC Qu. 14-85 (Static) Marshall Corporation incurred costs...

Marshall Corporation incurred costs for materials and labor needed to manufacture its products.

These costs are examples of:

Period costs.

Product costs.

General and administrative expenses.

Selling expenses.

Nonmanufacturing costs.

Question:

TB MC Qu. 14-86 (Static) Product costs:

Product costs:

Are expensed as cost of goods sold when the product is sold.

Are expenditures identified more with a time period rather than with units of product.

Include selling and administrative expenses.

Are expensed on the income statement when incurred.

Are moved to the income statement for any unsold inventory at the end of the year.

Solution:

TB MC Qu. 14-86 (Static) Product costs:

Product costs:

Are expensed as cost of goods sold when the product is sold.

Are expenditures identified more with a time period rather than with units of product.

Include selling and administrative expenses.

Are expensed on the income statement when incurred.

Are moved to the income statement for any unsold inventory at the end of the year.

Question

TB MC Qu. 14-90 (Static) Which of the following is...

Which of the following is the correct formula for calculating raw materials inventory turnover for a manufacturer?

Raw materials purchased/Average raw materials inventory.

Average raw materials inventory/Raw materials used.

Raw materials used/Average raw materials inventory.

Ending raw materials/Raw materials used × 365.

Raw materials used/Beginning raw materials inventory × 365.

Solution

TB MC Qu. 14-90 (Static) Which of the following is...

Which of the following is the correct formula for calculating raw materials inventory turnover for a manufacturer?

Raw materials purchased/Average raw materials inventory.

Average raw materials inventory/Raw materials used.

Raw materials used/Average raw materials inventory. Pp p 38

Ending raw materials/Raw materials used × 365.

Raw materials used/Beginning raw materials inventory × 365.

Question:

TB MC Qu. 14-91 (Static) Which of the following is the correct...

Which of the following is the correct formula for calculating days’ sales in raw materials inventory for a manufacturer?

Raw materials purchased/Average raw materials inventory.

Average raw materials inventory/Raw materials used.

Raw materials used/Average raw materials inventory.

Ending raw materials inventory/Raw materials used × 365.

Raw materials used/Beginning raw materials inventory × 365.

Solution:

TB MC Qu. 14-91 (Static) Which of the following is the correct...

Which of the following is the correct formula for calculating days’ sales in raw materials inventory for a manufacturer?

Raw materials purchased/Average raw materials inventory.

Average raw materials inventory/Raw materials used.

Raw materials used/Average raw materials inventory.

Ending raw materials inventory/Raw materials used × 365. Pp p 39

Raw materials used/Beginning raw materials inventory × 365.

Question

TB MC Qu. 14-92 (Static) Which of the following statements...

Which of the following statements is correct concerning the days' sales in raw materials inventory ratio?

It measures the adequacy of raw materials inventory to meet production demands.

The ratio is not useful for a manufacturer.

It reveals how many times a company turns over its raw materials inventory in a period.

Companies usually prefer a high number of days’ sales in raw materials inventory.

It is calculated by taking the Raw materials used/Average raw materials inventory.

Solution

TB MC Qu. 14-92 (Static) Which of the following statements...

Which of the following statements is correct concerning the days' sales in raw materials inventory ratio?

It measures the adequacy of raw materials inventory to meet production demands.

The ratio is not useful for a manufacturer.

It reveals how many times a company turns over its raw materials inventory in a period.

Companies usually prefer a high number of days’ sales in raw materials inventory.

It is calculated by taking the Raw materials used/Average raw materials inventory.

Question

TB MC Qu. 14-106 (Static) A company manufactures...

A company manufactures bicycles. Compute the total amount of factory overhead from the following costs.

| **Cost item** |
| --- |
| a. Factory maintenance salary, $9,000 |
| b. Assembly worker wages, $25,000 |
| c. Office staff salaries, $20,000 |
| d. Depreciation on factory equipment, $10,000 |
| e. Indirect materials costs, $5,000 |
| f. Office insurance, $1,000 |
| g. Direct materials costs, $6,000 |
| h. Factory rent, $8,000 |
| i. Property taxes on factory, $4,000 |

$47,000.

$56,000.

$37,000.

$36,000.

$32,000.

Solution

TB MC Qu. 14-106 (Static) A company manufactures...

A company manufactures bicycles. Compute the total amount of factory overhead from the following costs.

| **Cost item** |
| --- |
| a. Factory maintenance salary, $9,000 |
| b. Assembly worker wages, $25,000 |
| c. Office staff salaries, $20,000 |
| d. Depreciation on factory equipment, $10,000 |
| e. Indirect materials costs, $5,000 |
| f. Office insurance, $1,000 |
| g. Direct materials costs, $6,000 |
| h. Factory rent, $8,000 |
| i. Property taxes on factory, $4,000 |

$47,000.

$56,000.

$37,000.

$36,000.

$32,000.

Factory Overhead = Factory Maintenance Salary + Depreciation on Factory Equipment + Indirect Materials + Factory Rent + Property Taxes on Factory  
Factory Overhead = $9,000 + $10,000 + $5,000 + $8,000 + $4,000  
Factory Overhead = $36,000

Question:

TB MC Qu. 14-109 (Static) A company manufactures...

A company manufactures skateboards. Compute the total amount of product costs from the following costs.

| **Cost item** |
| --- |
| a. Wheels, $15,000 |
| b. Wooden boards, $22,000 |
| c. Advertising costs, $5,000 |
| d. Insurance on factory, $6,000 |
| e. Factory equipment depreciation, $8,000 |
| f. Assembly worker wages, $11,000 |
| g. Salesperson salaries, $16,000 |
| h. Office manager’s salary, $7,000 |
| i. Factory utilities, $3,000 |

$61,000.

$65,000.

$70,000.

$81,000.

$59,000.

TB MC Qu. 14-109 (Static) A company manufactures...

A company manufactures skateboards. Compute the total amount of product costs from the following costs.

| **Cost item** |
| --- |
| a. Wheels, $15,000 |
| b. Wooden boards, $22,000 |
| c. Advertising costs, $5,000 |
| d. Insurance on factory, $6,000 |
| e. Factory equipment depreciation, $8,000 |
| f. Assembly worker wages, $11,000 |
| g. Salesperson salaries, $16,000 |
| h. Office manager’s salary, $7,000 |
| i. Factory utilities, $3,000 |

$61,000.

$65,000.

$70,000.

$81,000.

$59,000.

Product Costs = Wheels + Wooden Boards + Insurance on Factory + Factory Equipment Depreciation + Assembly Worker Wages + Factory Utilities  
Factory Overhead = $15,000 + $22,000 + $6,000 + $8,000 + $11,000 + $3,000  
Factory Overhead = $65,000

Question:

TB MC Qu. 14-110 (Static) A company manufactures basketball...

A company manufactures basketball hoops. Compute the total amount of prime costs from the following costs.

| **Cost item** |
| --- |
| a. Metal for rims, $12,000 |
| b. Indirect materials, $5,000 |
| c. Fiberglass backboards, $14,000 |
| d. Insurance on factory, $8,000 |
| e. Assembly worker wages, $20,000 |
| f. Assembly supervisor salary, $9,000 |
| g. Factory utilities, $4,000 |
| h. Nets, $5,000 |

$54,000.

$60,000.

$64,000.

$45,000.

$51,000.

Solution

TB MC Qu. 14-110 (Static) A company manufactures basketball...

A company manufactures basketball hoops. Compute the total amount of prime costs from the following costs.

| **Cost item** |
| --- |
| a. Metal for rims, $12,000 |
| b. Indirect materials, $5,000 |
| c. Fiberglass backboards, $14,000 |
| d. Insurance on factory, $8,000 |
| e. Assembly worker wages, $20,000 |
| f. Assembly supervisor salary, $9,000 |
| g. Factory utilities, $4,000 |
| h. Nets, $5,000 |

$54,000.

$60,000.

$64,000.

$45,000.

$51,000.

**Prime Costs = Direct Materials + Direct Labor  
Prime Costs = Metal for Rims + Fiberglass Backboards + Assembly Worker Wages + Nets  
Factory Overhead = $12,000 + $14,000 + $20,000 + $5,000  
Factory Overhead = $51,000**

Question:

TB MC Qu. 14-113 (Algo) Romeo Corporation reports the following...

Romeo Corporation reports the following for the year:

|  |  |
| --- | --- |
| **Finished goods inventory, January 1** | $ 2,900 |
| **Finished goods inventory, December 31** | 3,700 |
| **Total cost of goods sold** | 16,800 |

The cost of goods manufactured for the year is:

$19,700.

$17,600.

$13,100.

$20,500.

$13,900.

Solution:

TB MC Qu. 14-113 (Algo) Romeo Corporation reports the following...

Romeo Corporation reports the following for the year:

|  |  |
| --- | --- |
| **Finished goods inventory, January 1** | $ 2,900 |
| **Finished goods inventory, December 31** | 3,700 |
| **Total cost of goods sold** | 16,800 |

The cost of goods manufactured for the year is:

$19,700.

**$17,600.**

$13,100.

$20,500.

$13,900.

Beginning Finished Goods 2900

+ Cost of Goods Manufactured ?

− Ending Finished Goods 3700

= Cost of Goods Sold 16,800

16,800 = 2900 + ? - 3700

Therefore:

Search for the unknown: $16,800 − $2,900 + $3,700 = $17,600.

QUESTION:

TB MC Qu. 14-115 (Algo) A company's prime costs total...

A company's prime costs total $4,600,000 and its conversion costs total $8,600,000. If direct materials are $1,800,000 and factory overhead is $5,800,000, then direct labor is:

$4,000,000.

$17,200,000.

$2,800,000.

$1,000,000.

$4,600,000.

Prime Costs = Direct Materials + Direct Labor; $4,600,000 = $1,800,000 + Direct Labor; Direct Labor = $2,800,000 OR Conversion Costs = Direct Labor + Factory Overhead; $8,600,000 = Direct Labor + $5,800,000; Direct Labor = $2,800,000.

SOLUTION:

TB MC Qu. 14-115 (Algo) A company's prime costs total...

A company's prime costs total $4,600,000 and its conversion costs total $8,600,000. If direct materials are $1,800,000 and factory overhead is $5,800,000, then direct labor is:

$4,000,000.

$17,200,000.

**$2,800,000.**

$1,000,000.

$4,600,000.

Prime Costs = Direct Materials + Direct Labor;

$4,600,000 = $1,800,000 + Direct Labor;

4,600,000 – 1,800,000 = 2,800,000

OR Conversion Costs = Direct Labor + Factory Overhead;

$8,600,000 = Direct Labor + $5,800,000

8,600,000 – 5,800,000 = Direct Labor of **$2,800,000.**

Question:

TB MC Qu. 14-119 (Algo) The following information relates...

The following information relates to the manufacturing operations of the JNR Company for the year:

|  | **Beginning** | **Ending** |
| --- | --- | --- |
| **Raw materials inventory** | $ 52,000 | $ 55,000 |
| **Finished goods** | 63,000 | 55,000 |

The raw materials used in manufacturing during the year totaled $113,000. Raw materials purchased during the year amount to:

$121,000.

$110,000.

$102,000.

$116,000.

$113,000.

Solution:

TB MC Qu. 14-119 (Algo) The following information relates...

The following information relates to the manufacturing operations of the JNR Company for the year:

|  | **Beginning** | **Ending** |
| --- | --- | --- |
| **Raw materials inventory** | $ 52,000 | $ 55,000 |
| **Finished goods** | 63,000 | 55,000 |

The raw materials used in manufacturing during the year totaled $113,000. Raw materials purchased during the year amount to:

$121,000.

$110,000.

$102,000.

$116,000.

$113,000.

Beginning Raw Materials + Purchases − Ending Raw Materials = Raw Materials Used  
$52,000 + **Purchases** − $55,000 = $113,000;

|  |  |  |  |
| --- | --- | --- | --- |
| **Raw Materials Inventory** | | | |
| **Debit** | | **Credit** | |
| Beginning | 52,000 |  |  |
| Purchases | 116,000 |  |  |
| Used |  |  | 113,000 |
| Ending | 55,000 |  |  |

**Purchases** = 113,000 -52,000 +55,000  
  
 Purchases = $116,000.

Question

TB MC Qu. 14-126 (Algo) If beginning and ending work in...

If beginning and ending work in process inventories are $6,100 and $16,100, respectively, and cost of goods manufactured is $181,000, what is the total manufacturing cost for the period?

$174,900.

$187,100.

$164,900.

$191,000.

$171,000.

Solution

TB MC Qu. 14-126 (Algo) If beginning and ending work in...

If beginning and ending work in process inventories are $6,100 and $16,100, respectively, and cost of goods manufactured is $181,000, what is the total manufacturing cost for the period?

$174,900.

$187,100.

$164,900.

$191,000.

$171,000.

Manufacturing Costs + Beginning Work in Process − Ending Work in Process = Cost of Goods Manufactured;  
Manufacturing Costs + $6,100 − $16,100 = $181,000;  
Manufacturing Costs − $10,000 = $181,000;  
Manufacturing Costs = $191,000.

|  |  |  |  |
| --- | --- | --- | --- |
| **Work in Process Inventory** | | | |
| **Debit** | | **Credit** | |
| Beginning WIP | 6,100 |  |  |
| Total Manufacturing Cost | 191,000 |  |  |
| Cost of Goods Manufactured |  |  | 181,000 |
| Ending WIP | 16,100 |  |  |

Question:

TB MC Qu. 14-127 (Static) Use the cost information below for...

Use the cost information below for Ruiz Incorporated to determine the total manufacturing costs incurred during the year:

|  |  |
| --- | --- |
| **Work in Process, beginning** | $ 50,000 |
| **Work in Process, ending** | 37,000 |
| **Direct materials used** | $ 12,500 |
| **Total factory overhead** | 5,500 |
| **Direct labor used** | 26,500 |

$13,000.

$44,500.

$57,500.

$94,500.

$89,000.

Costs Added = Direct Materials Used + Direct Labor + Factory Overhead  
Costs Added = $12,500 + $26,500 + $5,500 = $44,500

Solution

TB MC Qu. 14-127 (Static) Use the cost information below for...

Use the cost information below for Ruiz Incorporated to determine the total manufacturing costs incurred during the year:

|  |  |
| --- | --- |
| **Work in Process, beginning** | $ 50,000 |
| **Work in Process, ending** | 37,000 |
| **Direct materials used** | $ 12,500 |
| **Total factory overhead** | 5,500 |
| **Direct labor used** | 26,500 |

$13,000.

$44,500.

$57,500.

$94,500.

$89,000.

Costs Added = Direct Materials Used + Direct Labor + Factory Overhead  
Costs Added = $12,500 + $26,500 + $5,500 = $44,500 pp p 27

Question

TB MC Qu. 14-128 (Algo) Use the cost information below for Ruiz, Incorporated to determine...

Use the cost information below for Ruiz, Incorporated to determine cost of goods manufactured for the year:

|  |  |
| --- | --- |
| **Work in Process, beginning** | $ 52,600 |
| **Work in Process, ending** | 38,300 |
| **Total factory overhead** | 6,800 |
| **Direct materials used** | 13,800 |
| **Direct labor used** | 27,800 |

$48,400.

$14,300.

$101,000.

$62,700.

$55,900.

Solution:

TB MC Qu. 14-128 (Algo) Use the cost information below for Ruiz, Incorporated to determine...

Use the cost information below for Ruiz, Incorporated to determine cost of goods manufactured for the year:

|  |  |
| --- | --- |
| **Work in Process, beginning** | $ 52,600 |
| **Work in Process, ending** | 38,300 |
| **Total factory overhead** | 6,800 |
| **Direct materials used** | 13,800 |
| **Direct labor used** | 27,800 |

$48,400.

$14,300.

$101,000.

$62,700.

$55,900.

|  |  |  |  |
| --- | --- | --- | --- |
| **Work in Process Inventory** | | | |
| **Debit** | | **Credit** | |
| Beginning WIP | 52,600 |  |  |
| Direct materials | 13,800 |  |  |
| Direct labor | 27,800 |  |  |
| Factory Overhead | 6,800 |  |  |
| Total Manufacturing Costs | 101,000 |  |  |
| Cost of Goods Manufactured |  |  | 62,700 |
| Ending WIP | 38,300 |  |  |

Cost of Goods Manufactured = Costs Added + Beginning Work in Process − Ending Work in Process  
Cost of Goods Manufactured = ($13,800 + $27,800 + $6,800) + $52,600 − $38,300 = $62,700  
question:

TB MC Qu. 14-139 (Algo) Xia Company manufactures a single...

Xia Company manufactures a single product. All raw materials used were direct materials. Current information for company follows:

|  |  |
| --- | --- |
| **Beginning raw materials inventory** | $ 9,000 |
| **Ending raw materials inventory** | 12,000 |
| **Raw material purchases** | 86,000 |
| **Beginning work in process inventory** | 21,000 |
| **Ending work in process inventory** | 31,000 |
| **Direct labor** | 111,000 |
| **Total factory overhead** | 86,000 |
| **Beginning finished goods inventory** | 61,000 |
| **Ending finished goods inventory** | 41,000 |

The company's cost of direct materials used, cost of goods manufactured and cost of goods sold are:

|  | **Cost of Materials Used** | **Cost of Goods Manufactured** | **Cost of Goods Sold** |
| --- | --- | --- | --- |
| **Option A** | $86,000 | $270,000 | $250,000 |
| **Option B** | $89,000 | $270,000 | $290,000 |
| **Option C** | $83,000 | $290,000 | $250,000 |
| Option D | $83,000 | $270,000 | $290,000 |
| **Option E** | $89,000 | $290,000 | $270,000 |

Solution: TB MC Qu. 14-139 (Algo) Xia Company manufactures a single...

|  |  |
| --- | --- |
| **Beginning raw materials inventory** | $ 9,000 |
| **Ending raw materials inventory** | 12,000 |
| **Raw material purchases** | 86,000 |
| **Beginning work in process inventory** | 21,000 |
| **Ending work in process inventory** | 31,000 |
| **Direct labor** | 111,000 |
| **Total factory overhead** | 86,000 |
| **Beginning finished goods inventory** | 61,000 |
| **Ending finished goods inventory** | 41,000 |

Xia Company manufactures a single product. All raw materials used were direct materials. Current information for company follows:

The company's cost of direct materials used, cost of goods manufactured and cost of goods sold are:

|  | **Cost of Materials Used** | **Cost of Goods Manufactured** | **Cost of Goods Sold** |
| --- | --- | --- | --- |
| **Option A** | $86,000 | $270,000 | $250,000 |
| **Option B** | $89,000 | $270,000 | $290,000 |
| **Option C** | $83,000 | $290,000 | $250,000 |
| Option D | $83,000 | $270,000 | $290,000 |
| **Option E** | $89,000 | $290,000 | $270,000 |

Option A

Option B

Option C

Option D

Option E

|  |  |  |  |
| --- | --- | --- | --- |
| **Raw Materials Inventory** | | | |
| **Debit** | | **Credit** | |
| **Beginning RM** | **9,000** |  |  |
| **Purchases** | **86,000** |  |  |
| **Materials Used** |  |  | **83,000** |
| **Ending RM** | **12,000** |  |  |
| **Work in Process Inventory** | | | |
| **Debit** | | **Credit** | |
| **Beginning WIP** | **21,000** |  |  |
| **Direct materials** | **83,000** |  |  |
| **Direct labor** | **111,000** |  |  |
| **Factory Overhead** | **86,000** |  |  |
| **Total Manufacturing Costs** | **301,000** |  |  |
| **Cost of Goods Manufactured** |  |  | **270,000** |
| **Ending WIP** | **31,000** |  |  |

|  |  |  |  |
| --- | --- | --- | --- |
| **Finished Goods Inventory** | | | |
| **Debit** | | **Credit** | |
| **Beginning FG** | **61,000** |  |  |
| **Cost of Goods Manufactured** | **270,000** |  |  |
| **Cost of Goods Sold** |  |  | **290,000** |
| **Ending FG** | **41,000** |  |  |

Question TB MC Qu. 14-142 (Algo) Use the following data to determine...

Use the following data to determine the cost of goods manufactured:

|  |  |
| --- | --- |
| **Beginning finished goods inventory** | $ 11,700 |
| **Direct labor used** | 31,500 |
| **Beginning work in process inventory** | 8,100 |
| **General and administrative expenses** | 14,400 |
| **Direct materials used** | 41,400 |
| **Ending work in process inventory** | 9,900 |
| **Indirect labor** | 7,200 |
| **Ending finished goods inventory** | 10,400 |
| **Indirect materials** | 14,400 |
| **Depreciation—factory equipment** | 8,400 |

$101,100.

$106,000.

$104,700.

$115,500.

$119,100.

Solution

TB MC Qu. 14-142 (Algo) Use the following data to determine...

Use the following data to determine the cost of goods manufactured:

|  |  |
| --- | --- |
| **Beginning finished goods inventory** | $ 11,700 |
| **Direct labor used** | 31,500 |
| **Beginning work in process inventory** | 8,100 |
| **General and administrative expenses** | 14,400 |
| **Direct materials used** | 41,400 |
| **Ending work in process inventory** | 9,900 |
| **Indirect labor** | 7,200 |
| **Ending finished goods inventory** | 10,400 |
| **Indirect materials** | 14,400 |
| **Depreciation—factory equipment** | 8,400 |

$101,100.

$106,000.

$104,700.

$115,500.

$119,100.

Cost of Goods Manufactured = Direct Materials + Direct Labor + Factory Overhead + Beginning Work in Process − Ending Work in Process  
Cost of Goods Manufactured = $41,400 + $31,500 (Indirect Labor + Indirect Materials + Depreciation Factory Equipment) + $8,100 − $9,900  
Cost of Goods Manufactured = $41,400 + $31,500 + $7,200 + $14,400 + $8,400 + $8,100 − $9,900 = $101,100.

|  |  |  |  |
| --- | --- | --- | --- |
| **Work in Process Inventory** | | | |
| **Debit** | | **Credit** | |
| Beginning WIP | 8,100 |  |  |
| Direct materials | 41,400 |  |  |
| Direct labor | 31,500 |  |  |
| Factory Overhead | 30,000 |  |  |
| Total Manufacturing Costs | 111,000 |  |  |
| Cost of Goods Manufactured |  |  | 101,100 |
| Ending WIP | 9,900 |  |  |

Question TB MC Qu. 14-156 (Algo) Using the information below...

Using the information below, compute the raw materials inventory turnover:

|  |  |
| --- | --- |
| **Raw materials used** | $ 98,500 |
| **Beginning raw materials inventory** | 9,300 |
| **Ending raw materials inventory** | 11,600 |

10.32.

370.98.

9.43.

10.61.

8.49.

Solution TB MC Qu. 14-156 (Algo) Using the information below...

Using the information below, compute the raw materials inventory turnover:

|  |  |
| --- | --- |
| **Raw materials used** | $ 98,500 |
| **Beginning raw materials inventory** | 9,300 |
| **Ending raw materials inventory** | 11,600 |

10.32.

370.98.

9.43.

10.61.

8.49.

Raw materials inventory turnover = Raw materials used/Average raw materials inventory  
Raw materials inventory turnover = $98,500/[($9,300 + $11,600/2]  
Raw materials inventory turnover = $98,500/$10,450 = 9.43

TB MC Qu. 14-159 (Algo) Using the information below...

Using the information below, compute the days' sales in raw materials inventory:

|  |  |
| --- | --- |
| **Raw materials used** | $ 123,600 |
| **Beginning raw materials inventory** | 18,100 |
| **Ending raw materials inventory** | 20,300 |

6.83.

6.09.

53.50.

59.95.

6.44.

Solution

TB MC Qu. 14-159 (Algo) Using the information below...

Using the information below, compute the days' sales in raw materials inventory:

|  |  |
| --- | --- |
| **Raw materials used** | $ 123,600 |
| **Beginning raw materials inventory** | 18,100 |
| **Ending raw materials inventory** | 20,300 |

6.83.

6.09.

53.50.

59.95.

6.44.

Days' sales in raw materials inventory = Ending raw materials/Raw materials used × 365  
Days' sales in raw materials inventory = $20,300/$123,600 × 365 = 59.95

Question: TB MC Qu. 14-160 (Static) Just-in-time manufacturing techniques...

Just-in-time manufacturing techniques can be useful in \_\_\_\_\_\_\_\_\_\_\_\_\_ days' sales in raw materials inventory.

keeping constant.

changing upward.

adding to.

lowering.

increasing.

solution;

TB MC Qu. 14-160 (Static) Just-in-time manufacturing techniques...

Just-in-time manufacturing techniques can be useful in \_\_\_\_\_\_\_\_\_\_\_\_\_ days' sales in raw materials inventory.

keeping constant.

changing upward.

adding to.

lowering.

increasing.

END