

## Job Order Questions

### Problem #1:

Forge Machine Works collects its cost data by the job order cost accumulation procedure. For Job 642, the following data are available:

|              | <b>Direct Materials</b> |                 | <b>Direct Labor</b> |
|--------------|-------------------------|-----------------|---------------------|
| 07/14 Issued | \$ 1,200                | Week of July.10 | 180 hrs @ \$6.20/hr |
| 07/20 Issued | 662                     | Week of July.20 | 140 hrs @ \$7.30/hr |
| 07/22 Issued | 480                     |                 |                     |

Factory overhead applied at the rate of \$3.50 per direct labor hour.

#### **Required:**

1. Enter the appropriate information on a job cost sheet.
2. The sales price of the job, assuming that it was contracted with a markup of 40% of cost.

### Problem #2:

Wadsworth Machine Work collects its cost data by the job order cost accumulation procedure. For Job 909, the following data are available:

|             | <b>Direct Materials</b> |                 | <b>Direct Labor</b> |
|-------------|-------------------------|-----------------|---------------------|
| 9/14 Issued | \$ 600                  | Week of Sep. 20 | 90 hrs @ \$6.20/hr  |
| 9/20 Issued | 331                     | Week of Sep. 26 | 70 hrs @ \$7.30/hr  |
| 9/22 Issued | 200                     |                 |                     |

Factory overhead applied at the rate of \$5 per direct labor hour.

#### **Required:**

1. Enter the appropriate information on a job cost sheet.
2. The sales price of the job, assuming that it was contracted with a markup of 40% of cost.

### Problem #3:

**(a)** Timber Corporation produces special product as to customer specifications and uses the job order cost system. The following data relates to its operations of December 2006.

1. Purchased Raw Material on account Rs. 60,000.
2. Raw Material issued to factory Rs. 43,000 of which Rs. 4000 was used indirectly
3. Factory labor used direct Rs. 65,000 and indirect Rs. 5500
4. Factory overhead incurred on account Rs. 44,000
5. Factory overhead applied at 100% of direct labor.
6. Jobs were completed to the extent of 80%.
7. Goods sold on account Rs. 200,000
8. Finished goods inventory on Dec. 31, 2006 is Rs. 18,400

**Required:** Record the above transactions in journal also close over or under applied factory overhead at the end of the month.

**(b)** The following information is taken from the financial statement of Edgar & co. at the end of 2006.

|  |             |
|--|-------------|
| Cost of raw materials used                 | Rs. 160,000 |
| Cost of goods manufactured                 | Rs. 380,000 |
| Factory overhead, 75% of Direct Labor      | Rs. 90,000  |
| Goods in process inventory on Dec 31, 2005 | Rs. 36,000  |

**Required:** Compute the cost of goods in process inventory at December 31, 2006.