Student Name:__Chengyang Zhou_____ Date: __2/29_____

Problem P2-19 (Applying overhead to projects/products)

High Desert Potteryworks makes a variety of pottery products that it sells to retailers such as Home Depot. The company uses a job-order costing system in which predetermined overhead rates are used to apply manufacturing overhead cost to jobs. The predetermined overhead rate in the Molding Department is based on machine-hours, and the rate in the Painting Department is based on direct labor-hours. At the beginning of the year, the company's management made **the following estimates**:

	Department	
	Molding	Painting
Direct labor-hours	12,000	60,000
Machine-hours	70,000	8,000
Direct materials cost	$510,000	$650,000
Direct labor cost	$130,000	$420,000
Fixed manufacturing overhead cost	$497,000	$615,000
Variable manufacturing overhead per machine-hour	$1.50	–
Variable manufacturing overhead per direct labor-hour	–	$2.00

Job 205 was started on August 1 and completed on August 10. The company's cost records show the following information concerning the job:

	Department	
	Molding	Painting
Direct labor-hours	30	84
Machine-hours	110	20
Materials placed into production	$470	$332
Direct labor cost	$325	$588

Required:

1. Compute the total overhead cost applied to Job 205 and the total cost recorded for Job 205.
2. At the end of the year, the records of High Desert Potteryworks revealed the following actual cost and operating data for all jobs worked on during the year:

	Department	
	Molding	Painting
Direct labor-hours	10,000	62,000
Machine-hours	65,000	9,000
Direct materials cost	$430,000	$680,000
Direct labor cost	$108,000	$436,000
Manufacturing overhead cost	$570,000	$750,000

What is the amount of under-applied or over-applied overhead in each department?

(Please write down your answers on the backside of this worksheet)

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Your answers:

Job 205

	M	P	
DM	$470	$332	total cost
DL	$325	$588	= $3,690
Applied MOH	110 × $8.6	84 × 12.25	

Q2

Applied overhead = 65,000 × $8.6 + 62,000 × 12.25

= $1,318,500

Actual overhead = $570,000 + $750,000 = $1,320,000

underapplied $1,500