

18. The following data (in thousands of dollars) have been taken from the accounting records of Larder Corporation for the just completed year.

Sales	\$950
Purchases of raw materials	\$170
Direct Labor	\$210
Manufacturing Overhead	\$200
Administrative Expenses	\$180
Selling Expenses	\$140
Raw Materials Inventory, Beginning	\$70
Raw Materials Inventory, Ending	\$80
Work in Process Inventory, Beginning	\$30
Work in Process Inventory, Ending	\$20
Finished Goods Inventory, Beginning	\$100
Finished Goods Inventory, Ending	\$70

Required:

- a. Prepare a Schedule of Cost of Goods Manufactured in good form.
 - b. Compute the Cost of Goods Sold.
 - c. Using data from your answers above as needed, prepare an Income Statement in good form
19. Indirect labor is a part of:
- A. Prime cost.
 - B. Conversion cost.
 - C. Period cost.
 - D. Nonmanufacturing cost.
20. The cost of lubricants used to grease a production machine in a manufacturing company is an example of a(n):
- A. period cost.
 - B. direct material cost.
 - C. indirect material cost.
 - D. none of the above.
21. The salary paid to the president of King Company would be classified on the income statement as a(n):
- A. administrative expense.
 - B. direct labor cost.
 - C. manufacturing overhead cost.
 - D. selling expense.
22. A cost incurred in the past that is not relevant to any current decision is classified as a(n):
- A. period cost.
 - B. opportunity cost.
 - C. sunk cost.
 - D. differential cost.

23. A process cost system is employed in those situations where:

- A. many different products, jobs, or batches of production are being produced each period.
- B. where manufacturing involves a single, homogeneous product that flows evenly through the production process on a continuous basis.
- C. a service is performed such as in a law firm or an accounting firm.
- D. full or absorption cost approach is not employed.

24. Juanita Corporation uses a job-order cost system and applies overhead on the basis of direct labor cost. At the end of October, Juanita had one job still in process. The job cost sheet for this job contained the following information:

Direct Materials	\$480
Direct Labor	\$150
Manufacturing Overhead Applied	\$600

An additional \$100 of labor was needed in November to complete this job. For this job, how much should Juanita have transferred to finished goods inventory in November when it was completed?

- A. \$1,330
- B. \$500
- C. \$1,230
- D. \$1,730

25. Wall Company uses a predetermined overhead rate based on direct labor hours to apply manufacturing overhead to jobs. The company's estimated costs for the next year are:

Direct Materials	\$3,000
Direct Labor	\$20,000
Depreciation on Factory Equipment	\$6,000
Rent on Factory	\$12,000
Sales Salaries	\$29,000
Factory Utilities	\$15,000
Indirect Labor	\$6,000

It is estimated that 10,000 direct labor hours will be worked during the year. The predetermined overhead rate will be:

- A. \$3.90
- B. \$5.90
- C. \$6.80
- D. \$9.10