

Save Exit Submit Assignment for Grading

Questions

002\_Exercise 07.20

Question 3 of 7

Check My Work

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eBook

**Exercise 7.20**

**Direct Method and Overhead Rates**

Jasmine Company manufactures both pesticide and liquid fertilizer, with each product manufactured in separate departments. Three support departments support the production departments: Power, General Factory, and Purchasing. Budgeted data on the five departments are as follows:

	Support Departments			Producing Departments	
	Power	General Factory	Purchasing	Pesticide	Liquid Fertilizer
Overhead	\$90,000	\$314,000	\$167,000	\$78,900	\$107,800
Square feet	1,500	—	1,500	4,200	4,800
Machine hours	—	1,403	1,345	24,000	8,000
Purchase orders	20	40	7	120	60

The company does not break overhead into fixed and variable components. The bases for allocation are power—machine hours; general factory—square feet; and purchasing—purchase orders.

**Required:**

1. Allocate the overhead costs to the producing departments using the direct method. If required, round your answers to four decimal places.

**Allocation ratios:**

	Pesticide	Liquid Fertilizer
Square feet	<input type="text"/>	<input type="text"/>
Machine hours	<input type="text"/>	<input type="text"/>
Purchase orders	<input type="text"/>	<input type="text"/>

**Cost assignment:** (If required, round to the nearest dollar.)

	Pesticide	Liquid Fertilizer
Direct costs	\$ <input type="text"/>	\$ <input type="text"/>
Power	<input type="text"/>	<input type="text"/>
General Factory	<input type="text"/>	<input type="text"/>
Purchasing	<input type="text"/>	<input type="text"/>
Total	\$ <input type="text"/>	\$ <input type="text"/>

2. Using machine hours, compute departmental overhead rates. If required, round your answers to the nearest cent.

	Departmental overhead rates
Pesticide	\$ <input type="text"/> per machine hour
Liquid Fertilizer	\$ <input type="text"/> per machine hour

Check My Work

100% Correct Partially Correct Visited, Not Yet Judged Incorrect Needs Instructor Grading Not Intended for Grading

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