**3-6**

Manufacturing overhead

1. 530,000

|  |  |  |  |
| --- | --- | --- | --- |
| Activity cost pool | Activity measure | Expected overhead cost | Expected activity |
| Labor Related | Direct labor hours | $156,000 | $26,000 DLHs |
| Purchase orders | Number of orders | $11,000 | 220 orders |
| Parts management | Number of part types | $80,000 | 100 part types |
| Board etching | Number of boards | $90,000 | 2,000 boards |
| General factory | Machine hours | $180,000 | 20,000 MHs |

|  |  |
| --- | --- |
| **Activity cost pool** | **Actual activity** |
| Labor related | 25,000 DLHs |
| Purchase orders | 200 orders |
| Parts management | 110 part types |
| Board etching | 1,800 boards |
| General factory | 22,000 Mhs |

**3-7**

**Refer to the data in exercise 3-6 (above) for Sultan Company. Activities during the year were distributed across the company’s four products as follows:**

 **Actual activities \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Activity cost pool** | **Product A** | **Product B** | **Product C** | **Product D** |
| **Labor related( DHL’s)** | **6,000** | **10,000** | **4,000** | **5,000** |
| **Purchase orders (Orders)** | **60** | **30** | **20** | **90** |
| **Parts management (parts)** | **30** | **25** | **40** | **15** |
| **Board etching (boards)** | **500** | **900** | **400** | **0** |
| **General factory (MHs)**  | **3,000** | **8,000** | **5,000** | **6,000** |

**Required:**

**Compute the amount of overhead cost applied to each product during the year.**