|  |
| --- |
| **Question 5** |

|  |
| --- |
| http://edugen.wiley.com/edugen/art2/common/pixel.gif |

|  |
| --- |
| http://edugen.wiley.com/edugen/art2/common/pixel.gif |

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| http://edugen.wiley.com/edugen/art2/common/pixel.gif | |  |  |  | | --- | --- | --- | | |  |  | | --- | --- | | Jay Levitt Company produces one product, a putter called GO-Putter. Levitt uses a standard cost system and determines that it should take one hour of direct labor to produce one GO-Putter. The normal production capacity for this putter is 101,000 units per year. The total budgeted overhead at normal capacity is $856,000 comprised of $214,000 of variable costs and $642,000 of fixed costs. Levitt applies overhead on the basis of direct labor hours.        During the current year, Levitt produced 90,600 putters, worked 94,930 direct labor hours, and incurred variable overhead costs of $216,600 and fixed overhead costs of $704,200.   |  | | --- | |  | | | | http://edugen.wiley.com/edugen/art2/common/pixel.gif |

|  |
| --- |
| http://edugen.wiley.com/edugen/art2/common/pixel.gif |

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| http://edugen.wiley.com/edugen/art2/common/pixel.gif | |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | | |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | | Compute the predetermined variable overhead rate and the predetermined fixed overhead rate. ***(Round answers to 3 decimal places, e.g. 2.250.)***   |  |  | | --- | --- | | Predetermined variable overhead rate | $ | | Predetermined fixed overhead rate | $ |  |  | | --- | |  | | | | http://edugen.wiley.com/edugen/art2/common/pixel.gif |

|  |
| --- |
| http://edugen.wiley.com/edugen/art2/common/pixel.gif |

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| http://edugen.wiley.com/edugen/art2/common/pixel.gif | |  |  |  | | --- | --- | --- | | |  |  | | --- | --- | | Compute the applied overhead rate for Levitt for the year.  $   |  | | --- | |  | | | | http://edugen.wiley.com/edugen/art2/common/pixel.gif |

|  |
| --- |
| http://edugen.wiley.com/edugen/art2/common/pixel.gif |

|  |  |  |  |
| --- | --- | --- | --- |
| http://edugen.wiley.com/edugen/art2/common/pixel.gif | |  |  | | --- | --- | | |  | | --- | | Compute the total overhead variance.  $ | | |