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| **Question 7**  |

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

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| Dinkel Manufacturing Corporation accumulates the following data relative to jobs started and finished during the month of June 2008.

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| **Costs and Production Data** | **Actual** | **Standard** |
| Raw materials unit cost | $2.70 |   | $2.40 |   |
| Raw materials units used | 10,650 |   | 10,040 |   |
| Direct labor payroll | $147,186 |   | $144,288 |   |
| Direct labor hours worked | 14,430 |   | 15,030 |   |
| Manufacturing overhead incurred | $184,900 |   |   |   |
| Manufacturing overhead applied  |   |   | $189,378 |   |
| Machine hours expected to be used at normal capacity |   |   | 42,500 |   |
| Budgeted fixed overhead for June  |   |   | $51,000 |   |
| Variable overhead rate per hour |   |   | $3.00 |   |
| Fixed overhead rate per hour |   |   | $1.20 |   |

Overhead is applied on the basis of standard machine hours. Three hours of machine time are required for each direct labor hour. The jobs were sold for $457,800. Selling and administrative expenses were $40,000. Assume that the amount of raw materials purchased equaled the amount used.

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| Compute all of the variances for (1) direct materials and (2) direct labor.

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| --- | --- | --- |
| Total materials variance | $ |  |
| Materials price variance | $ |  |
| Materials quantity variance | $ |  |
| Total labor variance | $ |  |
| Labor price variance | $ |  |
| Labor quantity variance | $ |  |

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| Compute the total overhead variance. $

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| Prepare an income statement for management. Ignore income taxes. ***(List amounts from largest positive to smallest positive followed by most negative to least negative, e.g. 15, 14, 10, -17, -5, -1.  For negative numbers use either a negative sign preceding the number eg -45 or parentheses eg (45).)***

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| **DINKEL MANUFACTURING CORPORATION** |
| **Income Statement** |
| **For the Month Ended June 30, 2008** |
|  |   | $ |
|  |   |  |
| Gross profit (at standard) |   |  |
| Variances |   |   |
|       | $ |   |
|       |  |   |
|       |  |   |
|       |  |   |
|       |  |   |
|           Total variance -  |   |  |
| Gross profit (actual) |   |  |
|       |   |  |
| Net income |   | $ |

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