Questions:

1 Why aren’t actual overhead cost traced to jobs just as direct materials and direct labor cost are traced to jobs?

2. Spiedino Company sells its products to both residential and commercial customers in eight sales territories. In which of the following ways could Spiedino be segmented?

1. By product and then further segmented by type of customer
2. By type of customer and then further segmented by sales territory
3. By sales territory and then further segmented by product line
4. All the above

2-8. Whenever the selling division must give up outside sales in order to sell internally, it has an opportunity cost that should be considered in setting the transfer price

True or False

3-9 If a company fully allocates all of its overhead costs to jobs, does this guarantee that a profit will be earned for the period?

3-11 What is underapplied overhead? Overapplied overhead? What disposition is made of these amounts at the end of the period?

**4-2 Computation of Equivalent Units-Weighted Average Method**

Lindex company manufactures a product that goes through three processing dept. Information relating to activity in the first department during October is given below:

Percent completed

Units Materials Conversion

Work in process October 1…………………………………………………. 50,000 90% 60%

Work in process October 31………………………………………………... 30,000 70% 50%

The Department started 390,000 units into production during the month and transferred 410,000 completed units to the next department.

Required: Compute the equivalent units of production for the first department for October, assuming that the company uses the weighted-average method of accounting for units and cost.

**4-3 Cost Per Equivalent Unit – Weighted Average Method**

Billinstaff Industries uses the weighted-average method in its process costing system. Data for the Assembly Dept. for May appear below:

Materials Labor Overhead

Work in process, May 1…………………………………………. 14,550 23,620 118,100

Cost added during May………………………………………….. 88,350 14,330 71,650

Equivalent units of production…………………………………… 1,200 1,100 1,100

**Required:** Compute the cost per equivalent unit for materials for labor, for overhead and in total

23. Under what conditions would it be appropriate to use a costing system?

30. In what ways are job-order and process costing similar?