Jarme Company makes two products and is implementing an Activity Based Costing (ABC) system. Previously, all overhead had been applied on the basis of machine hours. The Company produces 100,000 units of product D and 5,000 units of product F.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Cost Pool | Driver and Level | Cost in Pool | Use of Driver by Product D | Use of Driver by Product F |
| Equipment Setup | 500 setups | $1,000,000 | 350 setups | 150 setups |
| Materials Ordering | 10,000 orders | $2,000,000 | 7,000 orders | 3,000 orders |
| Quality Control | 4,000 inspections | $500,000 | 2,000 inspections | 2,000 inspections |
| Machining | 50,000 machine hours | $5,000,000 | 40,000 machine hours | 10,000 machine hours |

28. What is the overhead cost per unit for Product D when all overhead is applied based on machine hours?

1. $170
2. $68
3. $340
4. $40

29. What is the overhead cost per unit for Product F using ABC?

1. $63.50
2. $430
3. $68
4. $340

30. Which two cost pools could be combined without affecting the unit costs using ABC?

* 1. Equipment setup and Machining
  2. Materials ordering and Quality Control
  3. Materials ordering and Machining
  4. Equipment setup and Materials Ordering

31. Using ABC, what is the cost per setup in the Equipment Setup pool?

1. $700,000
2. $2,000
3. $9.52
4. $100

32. What is the overhead cost per unit for Product F when all overhead is applied based on machine hours?

* 1. $170
  2. $340
  3. $68
  4. $200

33. What is the overhead cost per unit for Product D using ABC?

1. $63.50
2. $430
3. $68
4. $340

34. Using ABC, what is the cost per machine hour in the Machining pool?

1. $100
2. $4,000,000
3. $47.62

D. $2,000