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| **E20-5** |
| http://edugen.wiley.com/edugen/art2/common/pixel.gif |

Renteria Company applies manufacturing overhead to jobs on the basis of machine hours used. Overhead costs are expected to total $305,000 for the year, and machine usage is estimated at 125,000 hours. For the year, $322,000 of overhead costs are incurred and 130,000 hours are used.

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

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

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

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| Compute the manufacturing overhead rate for the year. ***(Round answer to 2 decimal places, e.g. 10.50.)*** $

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

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| What is the amount of under- or overapplied overhead at December 31? $

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

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

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

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| Assuming the under- or overapplied overhead for the year is not allocated to inventory accounts, prepare the adjusting entry to assign the amount to cost of goods sold.

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| **Account/Description** | **Debit** | **Credit** |
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