PROBLEM II

Second, Inc. has the following departmental cost summary:

\_\_SD I\_\_ \_SD II\_ \_SD III \_PD I\_\_ \_PDII\_

Total Overhead cost $100,000 $20,000 $15,000

# Employees 64 136 24 400 440

Sq Ft Space 500 300 600 2000 2400

Labor Hours 3500 1500

Machine Hours 6500 3500

SD I COSTS ARE ALLOCATED FIRST ON THE BASIS OF NUMBER OF EMPLOYEES.

SDII COSTS ARE ALLOCATED SECOND ON THE BASIS OF FLOOR SPACE.

SDIII COSTS ARE ALLOCATED THIRD ON THE BASIS OF MACHINE HOURS.

REQUIRED: USING THE STEP MEHTOD (SHOW WORK ON WORK SHEET PROVIDED ON

PAGE 4.)

1. SD I COSTS ALLOCATED TO SD II \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

2. SD I COSTS ALLOCATED TO PD I \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

3. SD II COSTS ALLOCATED TO SD III \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

4. SD II COSTS ALLOCATED TO PD II \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

5. SD III COSTS ALLOCATED TO PD I \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

6. PD I COSTS ALLOCATED TO SD II \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

7. PD II COSTS ALLOCATED TO SD I \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

8. SD I COSTS ALLOCATED TO PD II \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

1. ASSUMING ALLOCATED COSTS ARE PRORATED ON THE BASIS OF LABOR HOURS

IN PD I, THE RATE PER LABOR HOURS IS \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

WORKSHEET FOR PROBLEM II