**2.** Northern Company uses a predetermined overhead rate based on direct labor hours to apply manufacturing overhead to jobs. At the beginning of the year, the company estimated manufacturing overhead would be $400,000 and direct labor hours would be 40,000. The actual figures for the year were $430,000 for manufacturing overhead and 42,000 direct labor hours.

Is manufacturing overhead underapplied or overapplied for the year?

By how much?