Peace Mfg. Co. incurred the following costs in January:

|  |  |  |  |
| --- | --- | --- | --- |
| Direct Labor | $ 40,000 |  Advertising Costs | $ 1,000 |
| Factory Utilities | 15,000 |  Factory Rent  | 4,000 |
| Administrative Salaries |  8,000 |  Factory Depreciation |  2,000 |
| Raw Materials Purchased | 10,000 |  Administrative Rents | 3,000 |
| Factory Insurance |  4,000 |  Administrative Depreciation | 1,000 |

The following information is also available:

Number of Units Produced 9,000 units

Number of Units Sold (sales price of $25 per unit) 10,000 units

Tax Rate 15% flat rate

 **Beginning Balance Ending Balance**

Raw Materials $ 2,000 $ 4,000

Work-in-Progress 25,000 18,000

Finished Goods 4,000 12,000

Answer the following:

1. Calculate total period costs.
2. Calculate total raw materials used.
3. Calculate cost of goods manufactured.
4. Calculate the product cost per unit.
5. Calculate cost of goods sold.
6. Calculate net income.

Nuts and Bolts Company assigns overhead to specific jobs based on machine hours. At the beginning of the current year, estimated overhead costs were $2,150,000 and estimated machine hours were 500,000. By the end of the year, actual overhead costs were calculated to be $2,000,000 and actual machine hours were 475,000.

Answer the following:

1. Calculate the predetermined overhead rate.
2. How much overhead would be applied to particular job that required 215 machine hours?
3. How much total overhead was applied during the year?
4. By how much was overhead over- or under-applied for the year? Note: Be sure to indicate whether it was over- or under-applied.