**Chapter 15 Alternate Demo Problem**

**The following information is the Work in Process and Factory Overhead Accounts for Superior Company:**

|  |
| --- |
| **Work in Process Inventory** |
| **Beg Inv. 302,000** |  |
| **Direct Materials 280,000** |  |
| **Direct Labor 120,000** |  |
| **Overhead Applied 96,000** |  |
|  | **Costs transferred to** **Finished Goods Inv. 548,000** |
| **End Inv. 250,000** |  |

|  |
| --- |
| **Factory Overhead** |
| **Actual Overhead 98,000** | **96,000 Applied Overhead** |
|  |  |
|  |  |

***Required:***

1. **Prepare a manufacturing statement for Superior Company for 2021.**
2. **Prepare the entry to adjust for under or over applied overhead.**

**Chapter 15 Solution: Alternate Demo Problem**

SUPERIOR MANUFACTURING COMPANY

Manufacturing Statement

For Year Ended December 31, 2021

|  |  |  |
| --- | --- | --- |
|  |  |  |
| **Direct materials used**  |  | **$280,000** |
| **Direct labor**  |  | **120,000** |
| **Factory Overhead Applied**  |  | **96,000** |
| **Total manufacturing costs**  |  | **496,000** |
|

|  |  |  |
| --- | --- | --- |
| **Work in Process Inventory 1/1/21……………….** |  | **$302,000** |

 |  | **302,000** |
| **Total goods in process during the year**  | **corrected** | **798,000** |
| **Work in process inventory, 12/31/21**  |  | **250,000** |
| **Cost of goods manufactured**  |  |  **$548,000** |

**Adjusting entry for under or over-applied overhead**

|  |
| --- |
| **Factory Overhead** |
| **Actual Overhead 98,000** | **96,000 Applied Overhead** |
| **Under applied 2,000** |  |
|  |  |

|  |  |  |  |
| --- | --- | --- | --- |
| **Dec 31** | **Cost of Goods Sold** | **2,000** |  |
|  | **Factory Overhead** |  | **2,000** |
|  | ***To adjust for under applied overhead costs*** |  |  |