**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*** |  |  |