

Exercise 10-7 (20 minutes)

1. The general ledger entry to record the purchase of materials for the month is:

Raw Materials	
(12,000 meters at \$3.25 per meter).....	39,000
Materials Price Variance	
(12,000 meters at \$0.10 per meter F).....	1,200
Accounts Payable	
(12,000 meters at \$3.15 per meter)	37,800

2. The general ledger entry to record the use of materials for the month is:

Work in Process	
(10,000 meters at \$3.25 per meter).....	32,500
Materials Quantity Variance	
(500 meters at \$3.25 per meter U)	1,625
Raw Materials	
(10,500 meters at \$3.25 per meter)	34,125

3. The general ledger entry to record the incurrence of direct labor cost for the month is:

Work in Process (2,000 hours at \$12.00 per hour) ..	24,000
Labor Rate Variance	
(1,975 hours at \$0.20 per hour U)	395
Labor Efficiency Variance	
(25 hours at \$12.00 per hour F).....	300
Wages Payable	
(1,975 hours at \$12.20 per hour)	24,095