

**Exercise 3-13** (15 minutes)

1. Item (a): Actual manufacturing overhead costs for the year.  
Item (b): Overhead cost applied to work in process for the year.  
Item (c): Cost of goods manufactured for the year.  
Item (d): Cost of goods sold for the year.

2. Cost of Goods Sold .....	70,000	
Manufacturing Overhead .....		70,000

3. The underapplied overhead will have to be allocated to the other accounts on the basis of the overhead applied during the year in the ending balance of each account:

Work in Process .....	\$ 19,500	5 %
Finished Goods .....	58,500	15
Cost of Goods Sold .....	<u>312,000</u>	<u>80</u>
Total cost .....	<u>\$390,000</u>	<u>100 %</u>

Using these percentages, the entry would be as follows:

Work in Process (5% × \$70,000) .....	3,500	
Finished Goods (15% × \$70,000) .....	10,500	
Cost of Goods Sold (80% × \$70,000) .....	56,000	
Manufacturing Overhead .....		70,000