

Exercise 3-6 (15 minutes)

1. Actual manufacturing overhead costs	\$473,000
Manufacturing overhead cost applied:	
19,400 MH × \$25 per MH	<u>485,000</u>
Overapplied overhead cost	<u>\$ 12,000</u>

2. Chang Company
Schedule of Cost of Goods Manufactured

Direct materials:

Raw materials inventory, beginning	\$ 20,000	
Add purchases of raw materials	<u>400,000</u>	
Raw materials available for use	420,000	
Deduct raw materials inventory, ending.....	<u>30,000</u>	
Raw materials used in production	390,000	
Less indirect materials	<u>15,000</u>	\$375,000
Direct labor		60,000
Manufacturing overhead cost applied to work in process.....		<u>485,000</u>
Total manufacturing costs		920,000
Add: Work in process, beginning		<u>40,000</u>
		960,000
Deduct: Work in process, ending.....		<u>70,000</u>
Cost of goods manufactured		<u>\$890,000</u>