

## Lessons 30 & 31: Manufacturing and Non-Manufacturing Overheads

### Part A: Classify Costs

Label each cost: Direct Material (DM), Direct Labor (DL), Manufacturing Overhead (MOH), or Period Cost (PC):

Cost Item	Classification
Steel used in production	
Factory supervisor's salary	
CEO's salary	
Wages of assembly line workers	
Factory electricity	
Sales commissions	
Factory building depreciation	
Advertising expenses	

### Part B: Overhead Rate Calculation

Estimated overhead: \$360,000 | Estimated machine hours: 12,000

1. Predetermined Overhead Rate = \$ \_\_\_\_\_ per machine hour
2. If Job #101 used 250 machine hours, how much overhead is applied? \$ \_\_\_\_\_

### Part C: Over/Under-Applied Overhead

Actual overhead incurred: \$370,000 | Overhead applied: \$360,000

Is overhead over-applied or under-applied? \_\_\_\_\_ By how much? \$ \_\_\_\_\_

How is under-applied overhead treated at year-end?

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