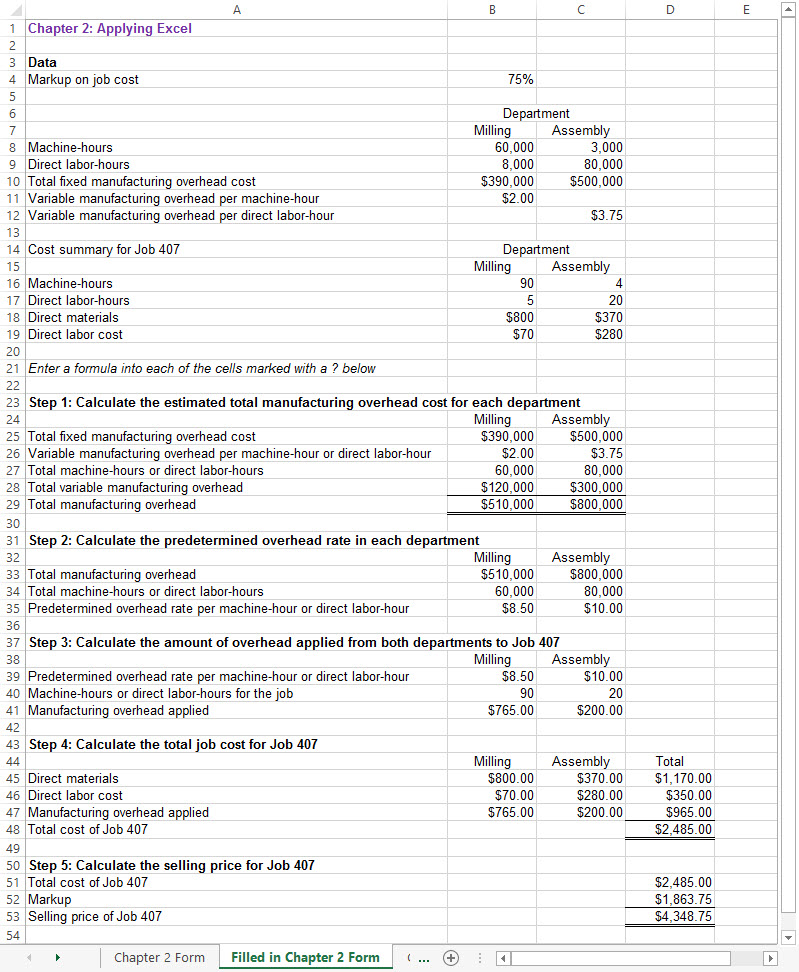
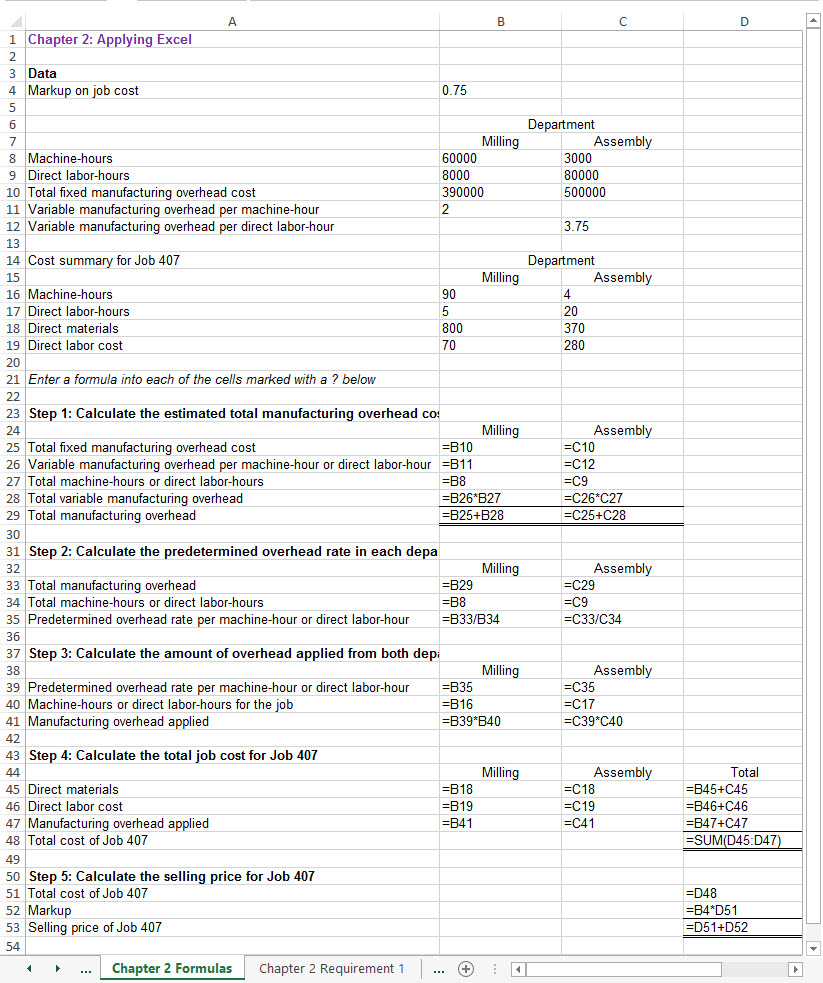
Chapter 2: Applying Excel

The completed worksheet is shown below.



Chapter 2: Applying Excel (continued)

The completed worksheet, with formulas displayed, is shown below.

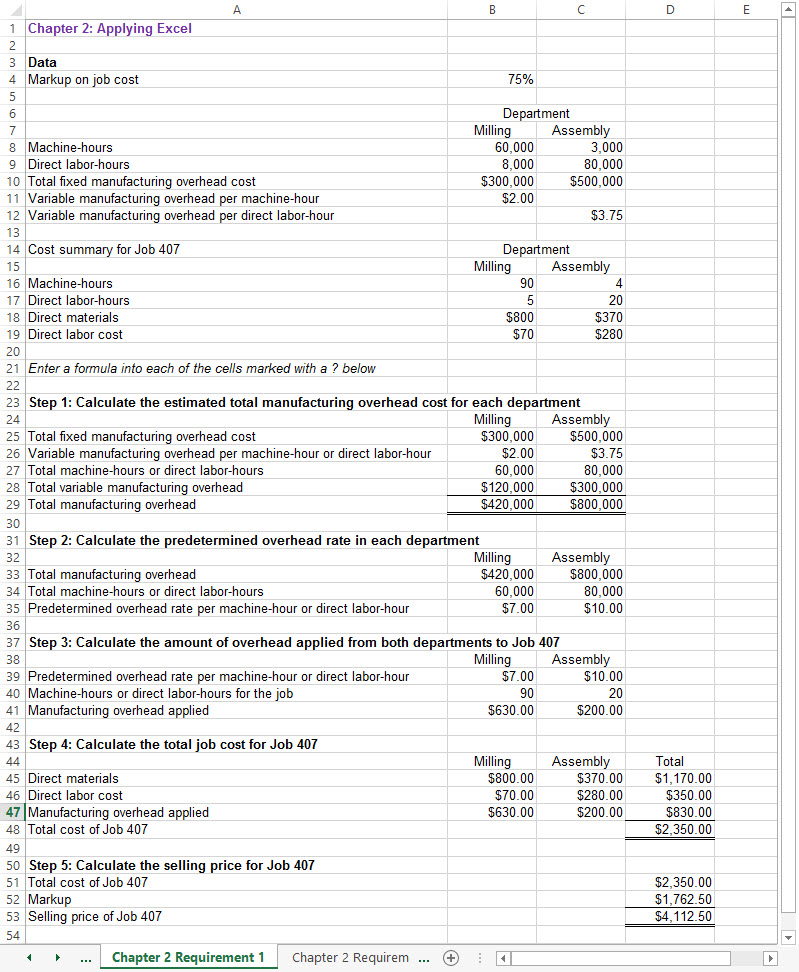


Chapter 2: Applying Excel (continued)

[Note: To display formulas in Excel 2013, select File > Options > Advanced > Display options for this worksheet > Show formulas in cells instead of their calculated amounts. To display the formulas in other versions of Excel, consult Excel Help.]

Chapter 2: Applying Excel (continued)

1. When the total fixed manufacturing overhead cost for the Milling Department is changed to $300,000, the worksheet changes as show below:

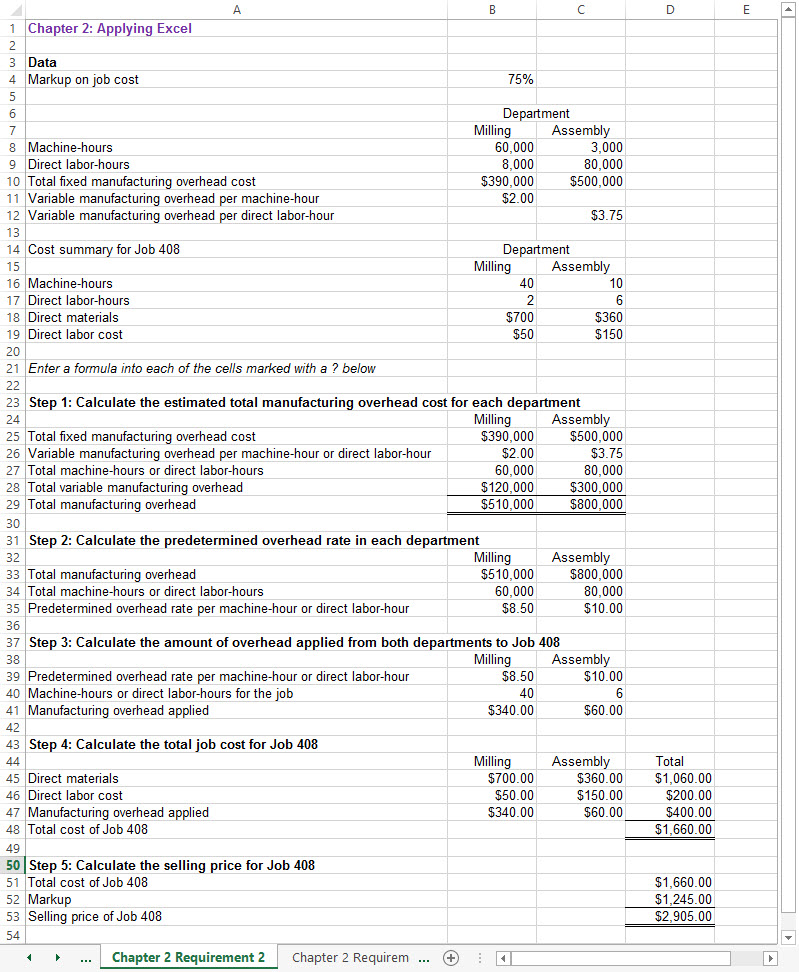


Chapter 2: Applying Excel (continued)

The selling price of Job 407 has dropped from $4,348.75 to $4,112.50 because the fixed manufacturing overhead in the Milling Department decreased from $390,000 to $300,000. This reduced the predetermined overhead rate in the Milling Department from $8.50 per machine-hour to $7.00 per machine-hour and hence the amount of overhead applied to Job 407 in the Milling Department.

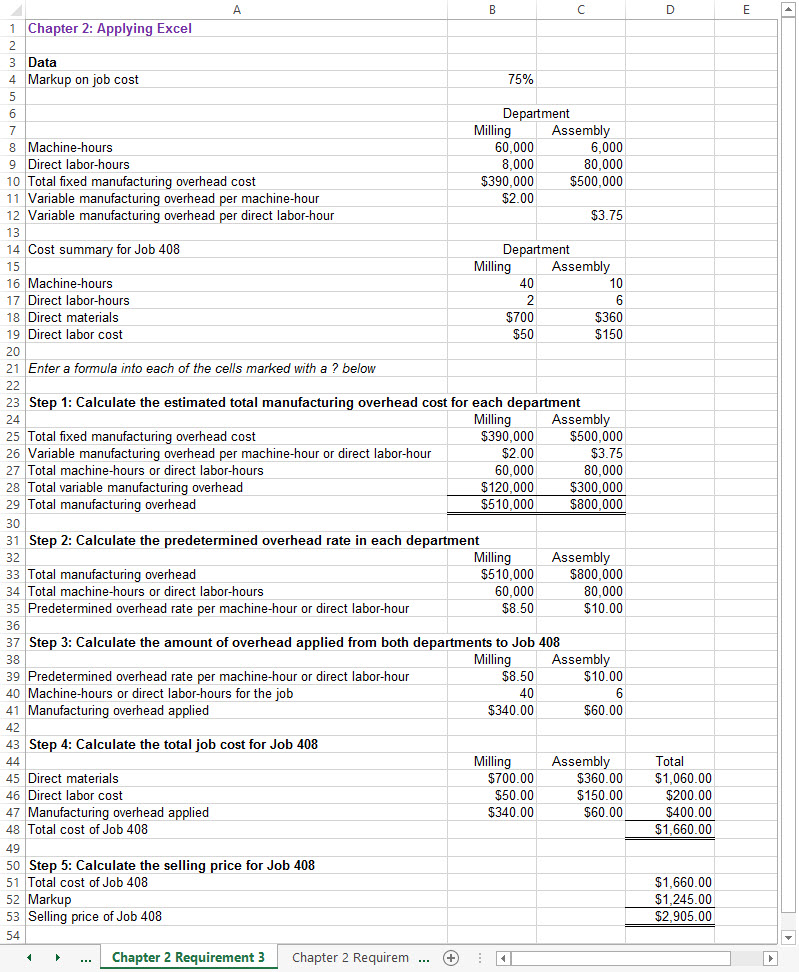
Chapter 2: Applying Excel (continued)

2. For the new Job 408, the worksheet should look like the following:



Chapter 2: Applying Excel (continued)

3. When the total number of machine-hours in the Assembly Department increases from 3,000 machine-hours to 6,000 machine-hours, the worksheet looks like the following:

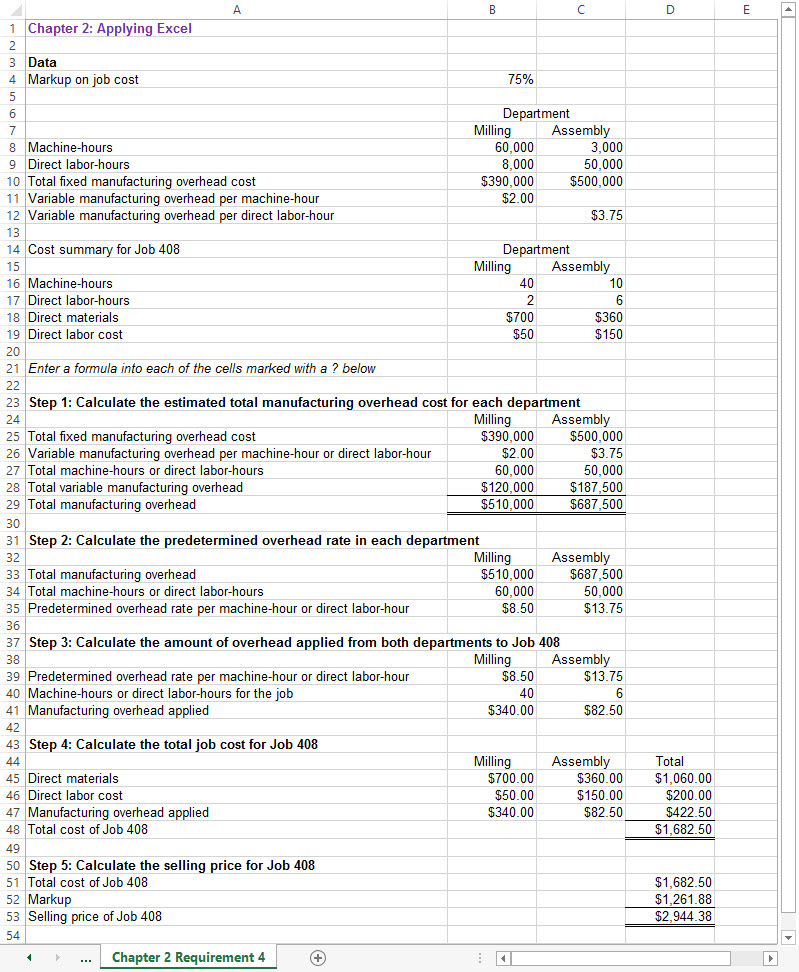


Chapter 2: Applying Excel (continued)

The selling price for Job 408 is not affected by this change. The reason for this is that the total number of machine-hours in the Assembly Department has no effect on any cost. There would have been a change in costs and in the selling price if the total machine-hours in the Milling Department would have changed. This is because the predetermined overhead rate in that department is based on machine-hours and any change in the total machine-hours would affect the magnitude of the predetermined overhead rate in that department.

Chapter 2: Applying Excel (continued)

4. When the total number of direct labor-hours in the Assembly Department decreases from 80,000 direct labor-hours to 50,000 direct labor-hours, the worksheet looks like the following:



Chapter 2: Applying Excel (continued)

The selling price of Job 408 has increased from $2,905.00 to $2,944.38. This occurs because the decrease in the total number of direct labor-hours in the Assembly Department increases the predetermined overhead rate in that department from $10.00 per direct labor-hour to $13.75 per direct labor-hour. In effect, the same total fixed manufacturing overhead cost is spread across fewer total direct labor-hours.