

## B-19.05

Renaissance Gallery converts photographs to portraits via a tedious hand painting process. Costs are tracked for each painting, with gallery overhead being applied at 125% of direct labor cost.

Renaissance Gallery began June with one job in process. This job related to the Price Wedding photo, and beginning work in process included total costs of \$14,400 (direct labor, direct material, and applied overhead).

During June, four new jobs were begun. These consisted of the Ramirez family portrait, the Oberweiss farm photo, the Ravenwood big fish picture, and the Zhang baby picture. The only job remaining in process at the end of June was the Ravenwood big fish picture. To date, \$13,000 in direct labor and \$3,500 of direct materials had been committed to the Ravenwood job.

Total direct labor incurred on all jobs during June was \$60,900. Total direct material incurred on all jobs during June was \$11,700.

- (a) Compute the ending work in process inventory balance and the total cost assigned to finished jobs.
- (b) Why is it necessary to track costs to individual jobs?
- (c) The overhead application rate is based on estimates. What happens if the amount of overhead applied to individual jobs differs from the amount of overhead actually incurred?