

CHAPTER 4: PROCESS COSTING

Question 1. Twin Company uses the weighted-average method in its process costing system.

It has two departments that process items: Department A and Department B.

In Department A at the beginning of May direct materials were 80% complete and conversion costs were 40% complete with respect to the 5,000 units in work in process on May 1.

On May 31st direct materials are 70% completed and conversion costs are 60% completed with respect to the 8,000 units in work in process.

During May, 12,000 units were completed and transferred to the Department B. An analysis of the costs relating to work in process on May 1 and to production activity for May follows:

	Materials	Conversion
Work in Process (Beginning)	\$12,480	\$8,820
Cost Added During May	\$72,000	\$49,140

Prepare a production cost worksheet with supporting schedules using weighted-average method of process costing. How much is the cost of units in ending work in process and the cost of units transferred to Department B in May?

Question 2. Scala Woolens is a manufacturer of wool cloth. It has two departments that process items, Cutting and Assembly.

The information for Cutting Department for March is as follows:

Beginning work-in-process 5,000 units

Units started 16,000 units

Units completed 18,000 units

Cost of beginning work-in-process

Direct materials \$ 4,840

Conversion \$ 2,700

Costs added during month:

Direct materials \$ 20,000

Conversion \$ 27,000

Degree of Completion:

Beginning work-in-process is 80% as to direct materials and 50% as to conversion costs.

Ending work-in-process is 90% as to direct materials and 60% as to conversion costs.

Prepare a production cost worksheet using the weighted average method.

Question 3. Spring Company produces chairs. It has two departments that process products: cutting and assembly. Direct materials are all added in cutting department, in assembly department no more direct materials are added. During June, beginning work-in-process in the assembly department was 60 percent complete as to conversion. In the Assembly Department beginning inventories included \$7,000 for transferred-in costs and \$10,000 for conversion costs. Ending inventory was 30 percent complete. Additional information about the two departments follows:

	<u>Cutting</u>	<u>Assembly</u>
Beginning work-in-process units	5,000	4,000
Units started this period	14,000	?
Units transferred this period	16,000	18,000
Ending work-in-process units		2,000
Material costs added	\$18,000	
Conversion costs	32,000	\$ 19,440
Transferred-out cost	50,000	?

Required:

Prepare a production cost worksheet using first in first out (FIFO) costing for the assembly department.

Question 3. The General Factory produces boots. It has two departments that process all the items. During March, the beginning work-in-process in the tanning department was 60 percent complete as to conversion and 100 percent complete as to direct materials. The beginning inventory included \$6,400 for conversion costs and \$13,300 for materials. Ending work-in-process inventory in the tanning department was 40 percent complete as to conversion and 100 percent complete as to direct materials.

Beginning work-in-process in the finishing department was 40 percent complete as to conversion and 40 percent complete as to direct materials. Beginning inventories included \$8,100 for transferred-in costs \$3,000 for direct materials and \$6,000 for conversion costs. Ending inventory was 25 percent complete as to conversion and 50 percent complete as to direct materials.

Additional information about the two departments follows:

	<u>Tanning</u>	<u>Finishing</u>
Beginning work-in-process units	4,000	3,000
Units started this period	13,000	?
Units transferred out in this period	12,000	13,000
Ending work-in-process units	?	2,000
Material costs added	\$37,700	\$11,000
Conversion costs	17,400	27,750
Transferred-out cost	?	?

Required:

Prepare a production cost worksheet using first in first out costing for the tanning department.

Question 4. Summer Company produces bikes. It has two departments that process items: Assembly and Testing.

The Information for Assembly Department for September include:

Beginning work-in-process inventory	1,600 units
Units started	2,000 units
Units transferred to Testing	3,200 units
Conversion costs	\$ 216,000
Cost of direct materials	\$ 132,000
Beginning work-in-process costs:	
Materials	\$ 104,000
Conversion	\$ 32,080

Beginning work-in-process is completed 70% as to direct materials and 50% as to conversion costs. Ending work-in-process is completed 80% as to direct materials and 60% as to conversion costs.

- a. Prepare a **production cost worksheet** with supporting schedules using the first in first out method (FIFO) of process costing.
- b. Prepare a **journal entry** for September transfers from Assembly to Testing Department