Chapter 16 In Class and Study

(Covering some basics to start)

Question:

TB TF Qu. 16-01 (Static) A production department reports the...

A production department reports the following conversion costs: cost of beginning work in process inventory of $100,000 and costs added this period of $350,000. If equivalent units of production for conversion total 450,000 and the company uses the weighted-average method, then cost per equivalent unit of production for conversion equals $1.00.

True

False

Solution:

TB TF Qu. 16-01 (Static) A production department reports the...

A production department reports **the following conversion costs**: cost of beginning work in process inventory of $**100,000** and **costs added this period of $350,000**. If **equivalent units of production for conversion total 450,000** and the company uses the **weighted-average method,** then **cost per equivalent unit of production for conversion equals $1.00.**

**True $450,000 / 450,000 = $1.00 per unit**

False

Question

TB TF Qu. 16-03 (Static) In a process costing system, costs...

In a process costing system, costs are only measured after completion of each job.

True

False

Solution

TB TF Qu. 16-03 (Static) In a process costing system, costs...

In a process costing system, costs are only measured after completion of each job.

True

False

Question

TB TF Qu. 16-05 (Static) Equivalent units of production...

Equivalent units of production is the number of whole units that could have been started and completed given the costs incurred in a period.

True

False

Solution

TB TF Qu. 16-05 (Static) Equivalent units of production...

Equivalent units of production is the number of whole units that could have been started and completed given the costs incurred in a period.

True

False

Question

TB TF Qu. 16-09 (Static) A manufacturer reports units completed...

A manufacturer reports units completed and transferred out of 340,000 units and ending work in process inventory of 130,000 units that are 75% complete with respect to conversion. Total equivalent units of production for conversion equal 470,000.

True

False

Solution

TB TF Qu. 16-09 (Static) A manufacturer reports units completed...

A manufacturer reports units completed and transferred out of 340,000 units and ending work in process inventory of 130,000 units that are 75% complete with respect to conversion. Total equivalent units of production for conversion equal 470,000.

True

False

EUP (Conversion) = Completed and transferred out + Ending work in process (Percent Complete)  
                               = 340,000(100%) + 130,000(75%)  
                               = 437,500 EUP

Question

TB TF Qu. 16-12 (Static) A company applies overhead at...

A company applies overhead at 110% of direct labor costs. Direct labor costs were $84,000 in the Roasting Department and $66,000 in the Blending department. The journal entry to record this production activity includes a credit to Factory Overhead for $165,000.

True

False

Solution

TB TF Qu. 16-12 (Static) A company applies overhead at...

A company applies overhead at 110% of direct labor costs. Direct labor costs were $84,000 in the Roasting Department and $66,000 in the Blending department. The journal entry to record this production activity includes a credit to Factory Overhead for $165,000.

True

False

110% × ($84,000 + $66,000) = $165,000

Question

TB TF Qu. 16-16 (Static) The FIFO method computes equivalent...

The FIFO method computes equivalent units and cost per equivalent unit based only on production activity in the current period.

True

False

Solution

TB TF Qu. 16-16 (Static) The FIFO method computes equivalent...

The FIFO method computes equivalent units and cost per equivalent unit based only on production activity in the current period.

True

False

Question

TB TF Qu. 16-18 (Static) The FIFO method of process costing...

The FIFO method of process costing includes the beginning work in process inventory costs in computing the cost per equivalent unit for the current period.

True

False

Solution

TB TF Qu. 16-18 (Static) The FIFO method of process costing...

The FIFO method of process costing includes the beginning work in process inventory costs in computing the cost per equivalent unit for the current period.

True

False

Question

TB TF Qu. 16-19 (Static) The weighted-average method of process...

The weighted-average method of process costing excludes the beginning work in process inventory costs in computing the cost per equivalent unit for the current period.

True

False

Solution

TB TF Qu. 16-19 (Static) The weighted-average method of process...

The weighted-average method of process costing excludes the beginning work in process inventory costs in computing the cost per equivalent unit for the current period.

True

False

Question

TB TF Qu. 16-22 (Static) During the current month, a...

During the current month, a company’s packaging department transferred 100,000 units and $350,000 of production costs to finished goods. This means the cost to produce one unit during the current month is $3.50.

True

False

Solution

TB TF Qu. 16-22 (Static) During the current month, a...

During the current month, a company’s packaging department transferred 100,000 units and $350,000 of production costs to finished goods. This means the cost to produce one unit during the current month is $3.50.

True

False

Cost per completed unit = cost transferred to finished goods / Units transferred to finished goods  
Cost per completed unit = $350,000 / 100,000 units = $3.50 per unit

Question

B TF Qu. 16-26 (Static) In process costing, the cost...

In process costing, the cost object is the process or department, and in job order costing, the cost object is a job.

True

False

Solution

B TF Qu. 16-26 (Static) In process costing, the cost...

In process costing, the cost object is the process or department, and in job order costing, the cost object is a job.

True

False

Question

TB TF Qu. 16-29 (Static) A manufacturer uses...

A manufacturer uses $65,000 of direct materials in its Roasting department. The journal entry to record this transaction includes a debit to Work in Process Inventory—Roasting for $65,000.

True

False

Solution

TB TF Qu. 16-29 (Static) A manufacturer uses...

A manufacturer uses $65,000 of direct materials in its Roasting department. The journal entry to record this transaction includes a debit to Work in Process Inventory—Roasting for $65,000.

True

False

Question

TB TF Qu. 16-30 (Static) A manufacturer used...

A manufacturer used $45,000 of indirect materials in production. The journal entry to record this transaction consists of a debit to Factory Overhead for $45,000 and a credit to Raw Materials Inventory for $45,000.

True

False

Solution

TB TF Qu. 16-30 (Static) A manufacturer used...

A manufacturer used $45,000 of indirect materials in production. The journal entry to record this transaction consists of a debit to Factory Overhead for $45,000 and a credit to Raw Materials Inventory for $45,000.

True

False

Question

TB TF Qu. 16-36 (Static) Conversion cost per equivalent unit...

Conversion cost per equivalent unit is the combined cost of direct labor and factory overhead per equivalent unit.

True

False

Solution

TB TF Qu. 16-36 (Static) Conversion cost per equivalent unit...

Conversion cost per equivalent unit is the combined cost of direct labor and factory overhead per equivalent unit.

True

False

Question

TB TF Qu. 16-38 (Static) An ice cream manufacturer completed...

An ice cream manufacturer completed and sold 96,000 units at a price of $3 per unit in April. If the cost to produce one unit of ice cream during April is $2.10, the total gross profit on ice cream sales for April equals $288,000.

True

False

Solution

TB TF Qu. 16-38 (Static) An ice cream manufacturer completed...

An ice cream manufacturer completed and sold 96,000 units at a price of $3 per unit in April. If the cost to produce one unit of ice cream during April is $2.10, the total gross profit on ice cream sales for April equals $288,000.

True

False

Total gross profit = 96,000 units sold × ($3.00 − $2.10) = $86,400

Question

TB TF Qu. 16-41 (Static) A hybrid costing system contains...

A hybrid costing system contains features of both process and job order operations.

True

False

Solution

TB TF Qu. 16-41 (Static) A hybrid costing system contains...

A hybrid costing system contains features of both process and job order operations.

True

False

Question

TB TF Qu. 16-47 (Static) A materials consumption report is used...

A materials consumption report is used instead of materials requisitions in companies where materials move continuously through the manufacturing process.

True

False

Solution

TB TF Qu. 16-47 (Static) A materials consumption report is used...

A materials consumption report is used instead of materials requisitions in companies where materials move continuously through the manufacturing process.

True

False

Question

TB TF Qu. 16-48 (Static) If Department C uses...

If Department C uses $10,000 of direct materials and Department D uses $15,000 of direct materials, the following journal entry would be recorded by the process costing system:

| **Account Title** | **Debit** | **Credit** |
| --- | --- | --- |
| Work in Process Inventory—Department C | 10,000 |  |
| Work in Process Inventory—Department D | 15,000 |  |
| Raw Materials Inventory |  | 25,000 |

True

False

Solution TB TF Qu. 16-48 (Static) If Department C uses...

If Department C uses $10,000 of direct materials and Department D uses $15,000 of direct materials, the following journal entry would be recorded by the process costing system:

| **Account Title** | **Debit** | **Credit** |
| --- | --- | --- |
| Work in Process Inventory—Department C | 10,000 |  |
| Work in Process Inventory—Department D | 15,000 |  |
| Raw Materials Inventory |  | 25,000 |

True

False

Question

TB TF Qu. 16-52 (Static) If the indirect labor cost in...

If the indirect labor cost in August for clerical and maintenance that help production in all departments was $123,000, the following journal entry would be recorded in a process costing system:

| **Account Title** | **Debit** | **Credit** |
| --- | --- | --- |
| Factory Overhead | 123,000 |  |
| Factory Wages Payable |  | 123,000 |

True

False

Solution

TB TF Qu. 16-52 (Static) If the indirect labor cost in...

If the indirect labor cost in August for clerical and maintenance that help production in all departments was $123,000, the following journal entry would be recorded in a process costing system:

| **Account Title** | **Debit** | **Credit** |
| --- | --- | --- |
| Factory Overhead | 123,000 |  |
| Factory Wages Payable |  | 123,000 |

True

False

Question

TB TF Qu. 16-53 (Static) A soda manufacturer estimates...

A soda manufacturer estimates total factory overhead costs of $5,000,000 and total direct labor costs of $3,125,000 for its first year of operations. The company’s predetermined overhead rate as a percentage of direct labor cost is 62.5%.

True

False

Solution

TB TF Qu. 16-53 (Static) A soda manufacturer estimates...

A soda manufacturer estimates total **factory overhead costs of $5,000,000**  and **total direct labor costs of $3,125,000** for its first year of operations. The company’s **predetermined overhead rate** as a percentage of direct labor cost is 62.5%.

True

False

Predetermined overhead rate = $5,000,000 / 3,125,000 = 160%

Question

TB TF Qu. 16-54 (Static) A soda manufacturer estimates...

A soda manufacturer estimates total factory overhead costs of $12,950,000 and total direct materials costs of $7,000,000 for its first year of operations. The company’s predetermined overhead rate as a percentage of direct materials costs is 185%.

True

False

Solution

TB TF Qu. 16-54 (Static) A soda manufacturer estimates...

A soda manufacturer estimates total factory overhead costs of $12,950,000 and total direct materials costs of $7,000,000 for its first year of operations. The company’s predetermined overhead rate as a percentage of direct materials costs is 185%.

True

False

Predetermined overhead rate = $12,950,000 / 7,000,000 = 185%

Question

TB TF Qu. 16-57 (Static) If Department L uses...

If Department L uses $53,000 of direct labor and Department M uses $21,000 of direct labor, the following journal entry would be recorded using a process costing system:

| **Account Title** | **Debit** | **Credit** |
| --- | --- | --- |
| Work in Process Inventory—Department L | 53,000 |  |
| Work in Process Inventory—Department M | 21,000 |  |
| Factory Wages Payable |  | 74,000 |

True

False

Solution

TB TF Qu. 16-57 (Static) If Department L uses...

If Department L uses $53,000 of direct labor and Department M uses $21,000 of direct labor, the following journal entry would be recorded using a process costing system:

| **Account Title** | **Debit** | **Credit** |
| --- | --- | --- |
| Work in Process Inventory—Department L | 53,000 |  |
| Work in Process Inventory—Department M | 21,000 |  |
| Factory Wages Payable |  | 74,000 |

True

False

Question

TB TF Qu. 16-65 (Static) If the predetermined overhead...

If the predetermined overhead allocation rate is 245% of direct labor cost, and the Baking Department's direct labor cost for the reporting period is $10,000, the following entry would be made to record the allocation of overhead to the products processed in this department:

| **Account Title** | **Debit** | **credit** |
| --- | --- | --- |
| Work in Process Inventory—Baking | 24,500 |  |
| Factory Overhead |  | 24,500 |

True

False

Solution

TB TF Qu. 16-65 (Static) If the predetermined overhead...

If the predetermined overhead allocation rate is 245% of direct labor cost, and the Baking Department's direct labor cost for the reporting period is $10,000, the following entry would be made to record the allocation of overhead to the products processed in this department:

| **Account Title** | **Debit** | **credit** |
| --- | --- | --- |
| Work in Process Inventory—Baking | 24,500 |  |
| Factory Overhead |  | 24,500 |

True

False

Question

TB TF Qu. 16-66 (Static) The number of equivalent units of...

The number of equivalent units of production assigned to ending Work in Process inventory should be equal to or less than the number of physical units in ending Work in Process inventory.

True

False

Solution

TB TF Qu. 16-66 (Static) The number of equivalent units of...

The number of equivalent units of production assigned to ending Work in Process inventory should be equal to or less than the number of physical units in ending Work in Process inventory.

True

False

Question

TB TF Qu. 16-68 (Static) If a production department has...

If a production department has 100 equivalent units of production with respect to direct materials in a given reporting period, the equivalent units of production with respect to conversion must also be 100.

True

False

Solution

TB TF Qu. 16-68 (Static) If a production department has...

If a production department has 100 equivalent units of production with respect to direct materials in a given reporting period, the equivalent units of production with respect to conversion must also be 100.

True

False

Question

TB TF Qu. 16-71 (Static) If a department that applies process...

If a department that applies process costing starts the reporting period with 40,000 physical units that were 80% complete with respect to direct materials and 50% complete with respect to direct labor, it must add 8,000 equivalent units of direct materials and 20,000 equivalent units of direct labor to complete them.

True

False

Solution

TB TF Qu. 16-71 (Static) If a department that applies process...

If a department that applies process costing starts the reporting period with 40,000 physical units that were 80% complete with respect to direct materials and 50% complete with respect to direct labor, it must add 8,000 equivalent units of direct materials and 20,000 equivalent units of direct labor to complete them.

True

False

Question

TB TF Qu. 16-77 (Static) The Finishing Department transferred...

The Finishing Department transferred out completed units with a cost of $74,000. This transfer should be recorded with the following entry:

| **Account Title** | **Debit** | **Credit** |
| --- | --- | --- |
| Finished Goods Inventory | 74,000 |  |
| Work in Process Inventory—Finishing |  | 74,000 |

True

False

Solution

TB TF Qu. 16-77 (Static) The Finishing Department transferred...

The Finishing Department transferred out completed units with a cost of $74,000. This transfer should be recorded with the following entry:

| **Account Title** | **Debit** | **Credit** |
| --- | --- | --- |
| Finished Goods Inventory | 74,000 |  |
| Work in Process Inventory—Finishing |  | 74,000 |

True

False

Question

TB MC Qu. 16-81 (Static) Yamada Company applies factory...

Yamada Company applies factory overhead to its production departments on the basis of 90% of direct labor costs. In the Assembly Department, Yamada had $125,000 of direct labor cost, and in the Finishing Department, Yamada had $35,000 of direct labor cost. The entry to apply overhead to these production departments is:

Debit Factory Overhead—Assembly $112,500; debit Factory Overhead—Finishing $31,500; credit Work in Process Inventory $144,000.

Debit Factory Overhead $144,000; credit Work in Process Inventory—Assembly $112,500; credit Work in Process—Finishing $31,500.

Debit Factory Overhead $144,000; credit Factory Wages Payable $144,000.

Debit Work in Process Inventory—Assembly $112,500; debit Work in Process Inventory—Finishing $31,500; credit Factory Overhead $144,000.

Debit Factory Wages Payable $144,000; credit Cash $144,000.

Solution

TB MC Qu. 16-81 (Static) Yamada Company applies factory...

Yamada Company applies factory overhead to its production departments on the basis of 90% of direct labor costs. In the Assembly Department, Yamada had $125,000 of direct labor cost, and in the Finishing Department, Yamada had $35,000 of direct labor cost. The entry to apply overhead to these production departments is:

Debit Factory Overhead—Assembly $112,500; debit Factory Overhead—Finishing $31,500; credit Work in Process Inventory $144,000.

Debit Factory Overhead $144,000; credit Work in Process Inventory—Assembly $112,500; credit Work in Process—Finishing $31,500.

Debit Factory Overhead $144,000; credit Factory Wages Payable $144,000.

Debit Work in Process Inventory—Assembly $112,500; debit Work in Process Inventory—Finishing $31,500; credit Factory Overhead $144,000.

.9 X 125,000 = 112,500 .9 X 35,000 = 31,500

112,500 + 31,500 = 144,000

Debit Factory Wages Payable $144,000; credit Cash $144,000.

Question

TB MC Qu. 16-82 (Static) Clarksen Company uses a process...

Clarksen Company uses a process costing system. The company requisitioned $93,000 of materials for Department A and $67,000 of materials for Department D. The entry to record the use of the direct materials by these two departments is:

Debit Raw Materials Inventory $160,000; credit Accounts Payable $160,000.

Debit Work in Process Inventory—Department A $93,000; debit Work in Process Inventory—Department D $67,000; credit Raw Materials Inventory $160,000.

Debit Factory overhead $160,000; credit Raw Materials Inventory $160,000.

Debit Raw Materials Inventory—Department A $93,000; debit Raw Materials Inventory—Department D $67,000; credit Work in Process Inventory $160,000.

Debit Work in Process Inventory—Department A $93,000; debit Work in Process Inventory—Department D $67,000; credit Accounts Payable $160,000.

Solution

TB MC Qu. 16-82 (Static) Clarksen Company uses a process...

Clarksen Company uses a process costing system. The company requisitioned $93,000 of materials for Department A and $67,000 of materials for Department D. The entry to record the use of the direct materials by these two departments is:

Debit Raw Materials Inventory $160,000; credit Accounts Payable $160,000.

Debit Work in Process Inventory—Department A $93,000; debit Work in Process Inventory—Department D $67,000; credit Raw Materials Inventory $160,000.

Debit Factory overhead $160,000; credit Raw Materials Inventory $160,000.

Debit Raw Materials Inventory—Department A $93,000; debit Raw Materials Inventory—Department D $67,000; credit Work in Process Inventory $160,000.

Debit Work in Process Inventory—Department A $93,000; debit Work in Process Inventory—Department D $67,000; credit Accounts Payable $160,000.

Question:

TB MC Qu. 16-87 (Static) The combined costs of direct labor...

The combined costs of direct labor and factory overhead per equivalent unit used by many businesses with process operations is called:

Physical cost per equivalent unit

Overhead cost per equivalent unit

Combined cost per equivalent unit

Conversion cost per equivalent unit

Finished cost per equivalent unit

Solution

TB MC Qu. 16-87 (Static) The combined costs of direct labor...

The combined costs of direct labor and factory overhead per equivalent unit used by many businesses with process operations is called:

Physical cost per equivalent unit

Overhead cost per equivalent unit

Combined cost per equivalent unit

Conversion cost per equivalent unit

Finished cost per equivalent unit

Question

TB MC Qu. 16-89 (Static) Which of the following is not one...

Which of the following is *not* one of the four steps in accounting for production activity and assigning costs during a period under a process cost system?

Determine over or underapplied overhead.

Determine the physical flow of units.

Compute the equivalent units of production.

Compute the cost per equivalent unit of production.

Assign and reconcile costs.

solution

TB MC Qu. 16-89 (Static) Which of the following is not one...

Which of the following is *not* one of the four steps in accounting for production activity and assigning costs during a period under a process cost system?

Determine over or underapplied overhead.

Determine the physical flow of units. F

Compute the equivalent units of production. E

Compute the cost per equivalent unit of production. C

Assign and reconcile costs. A

QUESTION

TB MC Qu. 16-90 (Static) A manufacturer paid total factory...

A manufacturer paid total factory payroll of $200,000 in cash. The journal entry for this transaction includes a:

Debit to Cash for $200,000.

Credit to Factory Wages Payable for $200,000.

Credit to Cash for $200,000.

Debit to Factory Overhead for $200,000.

Credit to Factory Overhead for $200,000.

SOLUTION

TB MC Qu. 16-90 (Static) A manufacturer paid total factory...

A manufacturer paid total factory payroll of $200,000 in cash. The journal entry for this transaction includes a:

Debit to Cash for $200,000.

Credit to Factory Wages Payable for $200,000.

Credit to Cash for $200,000.

Debit to Factory Overhead for $200,000.

Credit to Factory Overhead for $200,000.

QUESTION

TB MC Qu. 16-91 (Algo) A production department's...

A production department's output for the most recent month consisted of 12,000 units completed and transferred to the next stage of production and 12,000 units in ending Work in Process inventory. The units in ending Work in Process inventory were 80% complete with respect to both direct materials and conversion costs. There were 1,400 units in beginning Work in Process inventory, and they were 90% complete with respect to both direct materials and conversion costs. Calculate the equivalent units of production for the month, assuming the company uses the weighted average method.

12,140 units.

21,600 units.

21,740 units.

13,260 units.

12,000 units.

SOLUTION

TB MC Qu. 16-91 (Algo) A production department's...

A production department's output for the most recent month consisted of 12,000 units completed and transferred to the next stage of production and 12,000 units in ending Work in Process inventory. The units in ending Work in Process inventory were 80% complete with respect to both direct materials and conversion costs. There were 1,400 units in beginning Work in Process inventory, and they were 90% complete with respect to both direct materials and conversion costs. Calculate the equivalent units of production for the month, assuming the company uses the weighted average method.

12,140 units.

21,600 units.

21,740 units.

13,260 units.

12,000 units.

|  |  |  |
| --- | --- | --- |
| **Units completed and transferred to next stage** | 12,000 | units |
| **Units in ending Work in Process inventory (12,000 × 80% complete)** | 9,600 | units |
|  | 21,600 | units |

QUESTION

TB MC Qu. 16-93 (Algo) The Fabricating Department started...

The Fabricating Department started the current month with a beginning Work in Process inventory of $11,600. During the month, it was assigned the following costs: direct materials, $77,600; direct labor, $25,600; and factory overhead, 80% of direct labor cost. Also, inventory with a cost of $117,000 was transferred out of the department to the next phase in the process. The ending balance of the Work in Process Inventory account for the Fabricating Department is:

$114,800.

$73,880.

$18,280.

$215,944.

$98,944.

SOLUTION

TB MC Qu. 16-93 (Algo) The Fabricating Department started...

The Fabricating Department started the current month with a beginning Work in Process inventory of $11,600. During the month, it was assigned the following costs: direct materials, $77,600; direct labor, $25,600; and factory overhead, 80% of direct labor cost. Also, inventory with a cost of $117,000 was transferred out of the department to the next phase in the process. The ending balance of the Work in Process Inventory account for the Fabricating Department is:

$114,800.

$73,880.

$18,280.

$215,944.

$98,944.

$11,600 + $77,600 + $25,600 + $20,480 − $117,000 = $18,280

NOTE: DL OR 25,600 x .8 = 20,480 (OVERHEAD APPLIED)

|  |  |  |  |
| --- | --- | --- | --- |
| **Work in Process Inventory** | | | |
| **Debit** | | **Credit** | |
| Beginning WIP | 11,600 |  |  |
| Direct Materials | 77,600 |  |  |
| Direct Labor | 25,600 |  |  |
| Applied Overhead | 20,480 |  |  |
| To Finished Goods |  |  | 117,000 |
| Ending WIP | 18,280 |  |  |

QUESTION

TB MC Qu. 16-94 (Algo) A production department reports...

A production department reports the following conversion costs. Equivalent units of production for conversion total 406,000 for this period. Calculate the cost per equivalent unit of production for conversion. The company uses the weighted-average method.

|  |  |
| --- | --- |
| **Cost of beginning work in process** | 260,000 |
| **Costs added this period** | 998,600 |

$0.64.

$2.74.

$3.10.

$2.10.

$0.55.

SOLUTION

TB MC Qu. 16-94 (Algo) A production department reports...

A production department reports the following conversion costs. Equivalent units of production for conversion total 406,000 for this period. **Calculate the cost per equivalent unit of production for conversion**. The company uses the weighted-average method.

|  |  |
| --- | --- |
| **Cost of beginning work in process** | 260,000 |
| **Costs added this period** | 998,600 |

$0.64.

$2.74.

$3.10.

$2.10.

$0.55.

|  |  |  |
| --- | --- | --- |
| **Cost per equivalent unit of production – Weighted-average** |  | |
| **Costs of beginning work in process** | $ 260,000 |  |
| **Costs added this period** | 998,600 |  |
| **Total Costs** | $ 1,258,600 |  |
| **÷ Equivalent units of production** | 406,000 | EUP |
| **Cost per equivalent unit of production** | $ 3.10 | /EUP |

QUESTION

TB MC Qu. 16-95 (Algo) A process manufacturer that...

A process manufacturer that uses the weighted-average method reports the following. Compute the total equivalent units of production for conversion.

|  |  |  |
| --- | --- | --- |
|  | **Conversion** | |
| **Units** | **Percent Complete** |
| **Beginning work in process inventory** | 309,000 | 80% |
| **Units started this period** | 629,000 |  |
| **Units completed and transferred out** | 689,000 |  |
| **Ending work in process inventory** | 249,000 | 25% |

813,500.

878,000.

689,000.

751,250.

938,000.

SOLUTION

TB MC Qu. 16-95 (Algo) A process manufacturer that...

A process manufacturer that uses the weighted-average method reports the following. **Compute the total equivalent units of production for conversion**.

|  |  |  |
| --- | --- | --- |
|  | **Conversion** | |
| **Units** | **Percent Complete** |
| **Beginning work in process inventory** | 309,000 | 80% |
| **Units started this period** | 629,000 |  |
| **Units completed and transferred out** | 689,000 |  |
| **Ending work in process inventory** | 249,000 | 25% |

813,500.

878,000.

689,000.

751,250.

938,000.

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Units** | **Conversion** | |
| **Percent Complete** | **EUP** |
| **Units completed and transferred out** | 689,000 | 100% | 689,000 |
| **Ending work in process** | 249,000 | 25% | 62,250 |
|  |  |  | 751,250 |

QUESTION

TB MC Qu. 16-99 (Algo) A company uses the weighted...

A manufacturer used $100,000 of direct materials in its Roasting department. The journal entry to record the use of direct materials consists of a:

Debit Work in Process Inventory—Roasting for $100,000; credit Raw Materials Inventory for $100,000.

Debit Work in Process Inventory—Roasting for $100,000; credit Cash for $100,000.

Debit Raw Materials Inventory for $100,000; credit Work in Process Inventory—Roasting for $100,000.

Debit Work in Process Inventory—Roasting for $100,000; credit Accounts Payable for $100,000.

Debit Raw Materials Inventory for $100,000; credit Accounts Payable for $100,000.

SOLUTION

TB MC Qu. 16-99 (Algo) A company uses the weighted...

A manufacturer used $100,000 of direct materials in its Roasting department. The journal entry to record the use of direct materials consists of a:

Debit Work in Process Inventory—Roasting for $100,000; credit Raw Materials Inventory for $100,000.

Debit Work in Process Inventory—Roasting for $100,000; credit Cash for $100,000.

Debit Raw Materials Inventory for $100,000; credit Work in Process Inventory—Roasting for $100,000.

Debit Work in Process Inventory—Roasting for $100,000; credit Accounts Payable for $100,000.

Debit Raw Materials Inventory for $100,000; credit Accounts Payable for $100,000.

QUESTION

TB MC Qu. 16-106 (Algo) Martin Manufacturing has two...

Martin Manufacturing has two manufacturing departments, Forming and Painting. The company uses the weighted-average method and it reports the following data. Units completed in the Forming department are transferred to the Painting department.

|  | **Units** | **Direct materials Percent Complete** | **Conversion Percent Complete** |
| --- | --- | --- | --- |
| **Beginning work in process inventory** | 104,500 | 60% | 40% |
| **Units started this period** | 1,209,000 |  |  |
| **Units completed and transferred out** | 1,189,000 |  |  |
| **Ending work in process inventory** | 124,500 | 80% | 30% |

Production cost information for the Forming department follows.  
 

|  |  |  |
| --- | --- | --- |
| **Beginning work in process** |  |  |
| **Direct materials** | $ 188,200 |  |
| **Conversion** | 70,200 | $ 258,400 |
| **Costs added this period** |  |  |
| **Direct materials** | $ 5,352,780 |  |
| **Conversion** | 3,976,755 | 9,329,535 |

Calculate the costs per equivalent unit of production for both direct materials and conversion for the Forming department.

$4.30 per EUP direct materials; $3.30 per EUP conversion.

$4.22 per EUP direct materials; $3.09 per EUP conversion.

$4.15 per EUP direct materials; $3.24 per EUP conversion.

$4.00 per EUP direct materials; $3.17 per EUP conversion.

$4.66 per EUP direct materials; $3.40 per EUP conversion.

SOLUTION TB MC Qu. 16-106 (Algo) Martin Manufacturing has two...

Martin Manufacturing has two manufacturing departments, Forming and Painting. The company uses the weighted-average method and it reports the following data. Units completed in the Forming department are transferred to the Painting department

|  | **Units** | **Direct materials Percent Complete** | **Conversion Percent Complete** |
| --- | --- | --- | --- |
| **Beginning work in process inventory** | 104,500 | 60% | 40% |
| **Units started this period** | 1,209,000 |  |  |
| **Units completed and transferred out** | 1,189,000 |  |  |
| **Ending work in process inventory** | 124,500 | 80% | 30% |

Production cost information for the Forming department follows.

|  |  |  |
| --- | --- | --- |
| **Beginning work in process** |  |  |
| **Direct materials** | $ 188,200 |  |
| **Conversion** | 70,200 | $ 258,400 |
| **Costs added this period** |  |  |
| **Direct materials** | $ 5,352,780 |  |
| **Conversion** | 3,976,755 | 9,329,535 |

Calculate the costs per equivalent unit of production for both direct materials and conversion for the Forming department.

**$4.30 per EUP direct materials; $3.30 per EUP conversion**.

|  | **Units** | **Direct Materials** | | **Conversion** | |
| --- | --- | --- | --- | --- | --- |
| **Percent Complete** | **EUP** | **Percent Complete** | **EUP** |
| **Completed and transferred out** | 1,189,000 | 100% | 1,189,000 | 100% | 1,189,000 |
| **Ending work in process** | 124,500 | 80% | 99,600 | 30% | 37,350 |
|  |  |  | 1,288,600 |  | 1,226,350 |

|  | **Direct Materials** | | **Conversion** | |
| --- | --- | --- | --- | --- |
| **Cost of beginning work in process** | $ 188,200 |  | $ 70,200 |  |
| **Costs added this period** | 5,352,780 |  | 3,976,755 |  |
| **Total costs** | $ 5,540,980 |  | $ 4,046,955 |  |
| **% EUP from part (a)** | 1,288,600 |  | 1,226,350 |  |
| **= Cost per EUP** | $ 4.30 | per EUP | $ 3.30 | per EUP |

QUESTION:

TB MC Qu. 16-117 (Algo) Pitt Enterprises manufactures... FIFO

Pitt Enterprises manufactures jeans. All materials are introduced at the beginning of the manufacturing process in the Cutting department. Conversion costs are incurred uniformly throughout the manufacturing process. As the cutting of material is completed, the pieces are immediately transferred to the Sewing department. Information for the Cutting department for the month of May follows.

|  | **Units** | **Direct materials Percent Complete** | **Conversion Percent Complete** |
| --- | --- | --- | --- |
| **Beginning work in process inventory** | 54,000 | 100% | 60% |
| **Units started this period** | 140,000 |  |  |
| **Units completed and transferred out** | 152,000 |  |  |
| **Ending work in process inventory** | 42,000 | 100% | 60% |

 Production cost information for the Cutting department follows:

|  |  |  |
| --- | --- | --- |
| **Beginning work in process** |  |  |
| **Direct materials** | $ 71,300 |  |
| **Conversion** | 34,420 | $ 105,720 |
| **Costs added this period** |  |  |
| **Direct materials** | $ 342,800 |  |
| **Conversion** | 353,750 | $ 696,550 |

 If Pitt Enterprises uses the **FIFO method** of process costing, compute the equivalent units for direct materials and conversion respectively for May.

140,000 direct materials; 144,800 conversion.

194,000 direct materials; 177,200 conversion.

98,000 direct materials; 98,000 conversion.

144,800 direct materials; 140,000 conversion.

144,800 direct materials; 144,800 conversion.

SOLUTION

TB MC Qu. 16-117 (Algo) Pitt Enterprises manufactures...

Pitt Enterprises manufactures jeans. All materials are introduced at the beginning of the manufacturing process in the Cutting department. Conversion costs are incurred uniformly throughout the manufacturing process. As the cutting of material is completed, the pieces are immediately transferred to the Sewing department. Information for the Cutting department for the month of May follows.

|  | **Units** | **Direct materials Percent Complete** | **Conversion Percent Complete** |
| --- | --- | --- | --- |
| **Beginning work in process inventory** | 54,000 | 100% | 60% |
| **Units started this period** | 140,000 |  |  |
| **Units completed and transferred out** | 152,000 |  |  |
| **Ending work in process inventory** | 42,000 | 100% | 60% |

 Production cost information for the Cutting department follows:

|  |  |  |
| --- | --- | --- |
| **Beginning work in process** |  |  |
| **Direct materials** | $ 71,300 |  |
| **Conversion** | 34,420 | $ 105,720 |
| **Costs added this period** |  |  |
| **Direct materials** | $ 342,800 |  |
| **Conversion** | 353,750 | $ 696,550 |

 If Pitt Enterprises uses the FIFO method of process costing, compute the **equivalent units for direct materials and conversion** respectively for May.

**140,000 direct materials; 144,800 conversion.**

|  | **Units** | **Direct Materials** | | **Conversion** | |
| --- | --- | --- | --- | --- | --- |
| **Percent Added** | **EUP** | **Percent Added** | **EUP** |
| **Beginning work in process** | 54,000 | 0% | 0 | 40% | 21,600 |
| **Units started and completed\*** | 98,000 | 100% | 98,000 | 100% | 98,000 |
| **Ending work in process** | 42,000 | 100% | 42,000 | 60% | 25,200 |
|  |  |  | 140,000 |  | 144,800 |

\*Units started and completed = Completed and transferred out − Beginning work in process  
= 152,000 − 54,000  
= 98,000 (corrected)

QUESTION: TB MC Qu. 16-118 (Algo) Pitt Enterprises manufactures jeans...

Pitt Enterprises manufactures jeans. All materials are introduced at the beginning of the manufacturing process in the Cutting department. Conversion costs are incurred uniformly throughout the manufacturing process. As the cutting of material is completed, the pieces are immediately transferred to the Sewing department. Information for the Cutting department for the month of May follows.

|  | **Units** | **Direct materials Percent Complete** | **Conversion Percent Complete** |
| --- | --- | --- | --- |
| **Beginning work in process inventory** | 53,500 | 100% | 40% |
| Units started and completed [should read “units started this period”] | 232,000 | 🡨Ignore this line- error |  |
| **Units completed and transferred out** | 207,000 |  |  |
| **Ending work in process inventory** | 78,500 | 100% | 15% |

 Production cost information for the Cutting department follows:

|  |  |  |
| --- | --- | --- |
| **Beginning work in process** |  |  |
| **Direct materials** | $ 77,500 |  |
| **Conversion** | 41,050 | $ 118,550 |
| **Costs added this period** |  |  |
| **Direct materials** | $ 385,120 |  |
| **Conversion** | 363,170 | 748,290 |

If Pitt Enterprises uses the FIFO method of process costing, compute the cost per equivalent unit for direct materials and conversion costs respectively for May.

$1.66; $1.84.

$0.79; $3.50.

$3.50; $0.70.

$3.50; $3.50.

$3.72; $3.72.

SOLUTION TB MC Qu. 16-118 (Algo) Pitt Enterprises manufactures jeans... FIFO

Pitt Enterprises manufactures jeans. All materials are introduced at the beginning of the manufacturing process in the Cutting department. Conversion costs are incurred uniformly throughout the manufacturing process. As the cutting of material is completed, the pieces are immediately transferred to the Sewing department. Information for the Cutting department for the month of May follows.

|  | **Units** | **Direct materials Percent Complete** | **Conversion Percent Complete** |
| --- | --- | --- | --- |
| **Beginning work in process inventory** | 53,500 | 100% | 40% |
| Units started and completed [should read “units started this period”] | 232,000 | 🡨Ignore this line- error |  |
| **Units completed and transferred out** | 207,000 |  |  |
| **Ending work in process inventory** | 78,500 | 100% | 15% |

 Production cost information for the Cutting department follows:

|  |  |  |
| --- | --- | --- |
| **Beginning work in process** |  |  |
| **Direct materials** | $ 77,500 |  |
| **Conversion** | 41,050 | $ 118,550 |
| **Costs added this period** |  |  |
| **Direct materials** | $ 385,120 |  |
| **Conversion** | 363,170 | 748,290 |

 If Pitt Enterprises uses the FIFO method of process costing, compute the cost per equivalent unit for direct materials and conversion costs respectively for May. ANSWER: **$1.66; $1.84.**

|  | **Units** | **Direct Materials** | | **Conversion** | |
| --- | --- | --- | --- | --- | --- |
| **Percent Added** | **EUP** | **Percent Added** | **EUP** |
| **Beginning work in process** | 53,500 | 0% | 0 | 60% | 32,100 |
| **Units started and completed\*** | 153,500 | 100% | 153,500 | 100% | 153,500 |
| **Ending work in process** | 78,500 | 100% | 78,500 | 15% | 11,775 |
|  |  |  | 232,000 |  | 197,375 |

 \*Units started and completed = Completed and transferred out − Beginning work in process  
 153,500 corrected typo = 207,000 − 53,500

|  | **Direct Materials** | | **Conversion** | |
| --- | --- | --- | --- | --- |
| **Costs added this period** | $ 385,120 |  | $ 363,170 |  |
| **% EUP from part (a)** | 232,000 |  | 197,375 |  |
| **= Cost per EUP** | $ 1.66 | per EUP | $ 1.84 | per EUP |

QUESTION: TB MC Qu. 16-144 (Algo) The following is an account...

The following is an account for a production department, showing its costs for one month:

|  |  |  |  |
| --- | --- | --- | --- |
| **Work in Process Inventory** | | | |
| **Debit** | | **Credit** | |
| Beginning Balance | 7,100 | Completed and transferred out | 54,510 |
| Direct materials | 23,300 |  |  |
| Direct labor | 17,900 |  |  |
| Overhead | 12,500 |  |  |
| Ending Balance | 6,290 |  |  |

Assume that materials are added at the beginning of the production process and that direct labor and overhead are applied uniformly. If the started and completed units cost $43,550, what was the cost of completing the units in the beginning Work in Process inventory?

$17,250.

$60,800.

$10,960.

$37,260.

$3,860.

SOLUTION: TB MC Qu. 16-144 (Algo) The following is an account...

The following is an account for a production department, showing its costs for one month:

|  |  |  |  |
| --- | --- | --- | --- |
| **Work in Process Inventory** | | | |
| **Debit** | | **Credit** | |
| Beginning Balance | 7,100 | Completed and transferred out | 54,510 |
| Direct materials | 23,300 |  |  |
| Direct labor | 17,900 |  |  |
| Overhead | 12,500 |  |  |
| Ending Balance | 6,290 |  |  |

Assume that materials are added at the beginning of the production process and that direct labor and overhead are applied uniformly. If the started and completed units cost $43,550, what was the cost of completing the units in the beginning Work in Process inventory?

$17,250.

$60,800.

$10,960.

$37,260.

$3,860.

Beginning WIP transferred out = $54,510 − $43,550 = $10,960  
Cost to complete Beginning WIP = $10,960 − $7,100 = $3,860

QUESTION:

TB MC Qu. 16-145 (Algo) Wyman Corporation uses...

Wyman Corporation uses a process costing system. The company manufactured certain goods at a cost of $810 and sold them on credit to Percy Corporation for $1,095. The complete journal entry to be made by Wyman at the time of this sale is:

Debit Accounts Receivable $1,095; credit Sales $1,095; debit Cost of Goods Sold $810; credit Finished Goods Inventory $810.

Debit Accounts Receivable $1,095; credit Sales $285; credit Finished Goods Inventory $810.

Debit Cost of Goods Sold $1,095; credit Sales $1,095.

Debit Finished Goods Inventory $810; debit Sales $1,095; credit Accounts Receivable $1,095; credit Cost of Goods Sold $810.

Debit Accounts Receivable $1,095; debit Selling expense $810; credit Sales $1,095; credit Cost of Goods Sold $810.

SOLUTION

TB MC Qu. 16-145 (Algo) Wyman Corporation uses...

Wyman Corporation uses a process costing system. The company manufactured certain goods at a cost of $810 and sold them on credit to Percy Corporation for $1,095. The complete journal entry to be made by Wyman at the time of this sale is:

Debit Accounts Receivable $1,095; credit Sales $1,095; debit Cost of Goods Sold $810; credit Finished Goods Inventory $810.

Debit Accounts Receivable $1,095; credit Sales $285; credit Finished Goods Inventory $810.

Debit Cost of Goods Sold $1,095; credit Sales $1,095.

Debit Finished Goods Inventory $810; debit Sales $1,095; credit Accounts Receivable $1,095; credit Cost of Goods Sold $810.

Debit Accounts Receivable $1,095; debit Selling expense $810; credit Sales $1,095; credit Cost of Goods Sold $810.

QUESTION:

TB MC Qu. 16-147 (Algo) Luker Corporation uses a process...

Luker Corporation uses a process costing system. The company had $174,500 of beginning Finished Goods Inventory on October 1. It transferred in $851,000 of units completed during the period. The ending Finished Goods Inventory balance on October 31 was $172,200. The entry to account for the cost of goods manufactured during October is:

Debit Cost of Goods Sold $851,000; credit Finished Goods Inventory $851,000.

Debit Cost of Goods Sold $853,300; credit Work in Process Inventory $853,300.

Debit Finished Goods Inventory $851,000; credit Work in Process Inventory $851,000.

Debit Finished Goods Inventory $172,200; credit Cost of Goods Sold $172,200.

Debit Cost of Goods Sold $853,300; credit Finished Goods Inventory $853,300.

SOLUTION:

TB MC Qu. 16-147 (Algo) Luker Corporation uses a process...

Luker Corporation uses a process costing system. The company had $174,500 of beginning Finished Goods Inventory on October 1. It transferred in $851,000 of units completed during the period. The ending Finished Goods Inventory balance on October 31 was $172,200. **The entry to account for the cost of goods manufactured during October is:**

Debit Cost of Goods Sold $851,000; credit Finished Goods Inventory $851,000.

Debit Cost of Goods Sold $853,300; credit Work in Process Inventory $853,300.

Debit Finished Goods Inventory $851,000; credit Work in Process Inventory $851,000.

Debit Finished Goods Inventory $172,200; credit Cost of Goods Sold $172,200.

Debit Cost of Goods Sold $853,300; credit Finished Goods Inventory $853,300.

QUESTION: TB MC Qu. 16-149 (Algo) Dazzle, Incorporated produces beads for...

Dazzle, Incorporated produces beads for jewelry making use. The following information summarizes production operations for June. The journal entry to record June production activities for direct labor usage is:

|  |  |
| --- | --- |
| **Direct materials used** | $ 94,000 |
| **Direct labor used** | 167,000 |
| **Predetermined overhead rate (based on direct labor)** | 160% |
| **Goods transferred to finished goods** | 439,000 |
| **Cost of goods sold** | 451,000 |
| **Credit sales** | 817,000 |

Debit Factory Wages Payable $167,000; credit Cash $167,000.

Debit Work in Process Inventory $167,000; credit Factory Wages Payable $167,000.

Debit Cost of Goods Sold $167,000; credit Factory Wages Payable $167,000.

Debit Work in Process Inventory $167,000; credit Raw Materials Inventory $167,000.

Debit Work in Process Inventory $167,000; credit Accounts Receivable $167,000.

SOLUTION:

TB MC Qu. 16-149 (Algo) Dazzle, Incorporated produces beads for...

Dazzle, Incorporated produces beads for jewelry making use. The following information summarizes production operations for June. The journal entry to record June production activities for direct labor usage is:

|  |  |
| --- | --- |
| **Direct materials used** | $ 94,000 |
| **Direct labor used** | 167,000 |
| **Predetermined overhead rate (based on direct labor)** | 160% |
| **Goods transferred to finished goods** | 439,000 |
| **Cost of goods sold** | 451,000 |
| **Credit sales** | 817,000 |

Debit Factory Wages Payable $167,000; credit Cash $167,000.

Debit Work in Process Inventory $167,000; credit Factory Wages Payable $167,000.

Debit Cost of Goods Sold $167,000; credit Factory Wages Payable $167,000.

Debit Work in Process Inventory $167,000; credit Raw Materials Inventory $167,000.

Debit Work in Process Inventory $167,000; credit Accounts Receivable $167,000.

QUESSTION:

TB MC Qu. 16-150 (Algo) Dazzle, Incorporated produces beads...

Dazzle, Incorporated produces beads for jewelry making use. The following information summarizes production operations for June. The journal entry to record overhead applied during June is:

|  |  |
| --- | --- |
| **Direct materials used** | $ 107,000 |
| **Direct labor used** | 180,000 |
| **Predetermined overhead rate (based on direct labor)** | 155% |
| **Goods transferred to finished goods** | 452,000 |
| **Cost of goods sold** | 464,000 |
| **Credit sales** | 830,000 |

Debit Work in Process Inventory $180,000; credit Factory Overhead $180,000.

Debit Work in Process Inventory $180,000; credit Factory Wages $180,000.

Debit Factory Overhead $279,000; credit Cash $279,000.

Debit Work in Process Inventory $279,000; credit Factory Overhead $279,000.

Debit Work in Process Inventory $180,000; credit Cash $180,000.

SOLUTION:

TB MC Qu. 16-150 (Algo) Dazzle, Incorporated produces beads...

Dazzle, Incorporated produces beads for jewelry making use. The following information summarizes production operations for June. The journal entry to record overhead applied during June is:

|  |  |
| --- | --- |
| **Direct materials used** | $ 107,000 |
| **Direct labor used** | 180,000 |
| **Predetermined overhead rate (based on direct labor)** | 155% |
| **Goods transferred to finished goods** | 452,000 |
| **Cost of goods sold** | 464,000 |
| **Credit sales** | 830,000 |

Debit Work in Process Inventory $180,000; credit Factory Overhead $180,000.

Debit Work in Process Inventory $180,000; credit Factory Wages $180,000.

Debit Factory Overhead $279,000; credit Cash $279,000.

Debit Work in Process Inventory $279,000; credit Factory Overhead $279,000.

Debit Work in Process Inventory $180,000; credit Cash $180,000.

DL of $180,000 × 155% = $279,000

QUESTION: TB MC Qu. 16-153 (Algo) Andrews Corporation uses...

Andrews Corporation uses the weighted-average method of process costing. The following information is available for February in its Polishing department:

|  |  |  |
| --- | --- | --- |
| **Equivalent units of production—direct materials** | 124,000 | EUP |
| **Equivalent units of production—conversion** | 107,200 | EUP |
| **Costs in beginning Work in Process—direct materials** | $ 67,800 |  |
| **Costs in beginning Work in Process—conversion** | $ 49,800 |  |
| **Costs incurred in February—direct materials** | $ 572,900 |  |
| **Costs incurred in February—conversion** | $ 719,500 |  |

The cost per equivalent unit of production for conversion is:

$12.06

$6.71

$7.18

$6.20

$5.98

SOLUTION:

TB MC Qu. 16-153 (Algo) Andrews Corporation uses...

Andrews Corporation uses the weighted-average method of process costing. The following information is available for February in its Polishing department:

|  |  |  |
| --- | --- | --- |
| **Equivalent units of production—direct materials** | 124,000 | EUP |
| **Equivalent units of production—conversion** | 107,200 | EUP |
| **Costs in beginning Work in Process—direct materials** | $ 67,800 |  |
| **Costs in beginning Work in Process—conversion** | $ 49,800 |  |
| **Costs incurred in February—direct materials** | $ 572,900 |  |
| **Costs incurred in February—conversion** | $ 719,500 |  |

The cost per equivalent unit of production for conversion is:

$12.06

$6.71

$7.18

$6.20

$5.98

Cost of beginning WIP $49,800 + costs incurred in February $719,500 = $769,300

Total cost $769,300/Equivalent units of production 107,200 = $7.18 cost per equivalent unit of production.

QUESTION:

TB MC Qu. 16-161 (Algo) During April, the production...

During December, the production department of a process operations system completed and transferred to finished goods a total of 54,000 units of product. At the end of March, 10,000 additional units were in process in the production department and were 35% complete with respect to direct materials. The beginning inventory included materials cost of $58,900 and the production department incurred direct materials cost of $187,200 during December. Compute the direct materials cost per equivalent unit for the department using the weighted-average method.

$4.56.

$3.26.

$3.85.

$4.28.

$3.47.

SOLUTION:

TB MC Qu. 16-161 (Algo) During April, the production...

During December, the production department of a process operations system completed and transferred to finished goods a total of 54,000 units of product. At the end of March, 10,000 additional units were in process in the production department and were 35% complete with respect to direct materials. The beginning inventory included materials cost of $58,900 and the production department incurred direct materials cost of $187,200 during December. Compute the direct materials cost per equivalent unit for the department using the weighted-average method.

$4.56.

$3.26.

$3.85.

$4.28.

$3.47.

| **EUP and cost per EUP** | **DM** |
| --- | --- |
| Completed and transferred 54,000 × 100% | 54,000 |
| Ending Work in Process |  |
| Direct materials 10,000 × 35% | 3,500 |
| Equivalent units | 57,500 |
| Costs of beginning inventory | $ 58,900 |
| Costs incurred this period | 187,200 |
| Total costs | $ 246,100 |
| Cost per equivalent unit $246,100/57,500 | $ 4.28 |

QUESTION:

TB MC Qu. 16-166 (Algo) Following is a partial process...

Following is a partial production cost report for Mitchell Manufacturing's Canning department.

| **Equivalent units of production (EUP)** | | **Direct Materials** | | **Conversion** | |
| --- | --- | --- | --- | --- | --- |
|  | **Units** | **Percent Complete** | **EUP** | **Percent Complete** | **EUP** |
| **Completed and transferred out** | 80,000 | 100% | 80,000 | 100% | 80,000 |
| **Ending Work in Process** | 12,000 | 100% | 12,000 | 80% | 8,400 |
|  |  |  | 92,000 |  | 88,400 |

| **Cost per EUP** | **Direct Materials** | | **Conversation** | |
| --- | --- | --- | --- | --- |
| **Cost of beginning work in process** | $ 41,600 |  | $ 61,200 |  |
| **Costs added this period** | 139,400 |  | 187,600 |  |
| **Total costs** | $ 181,000 |  | $ 248,800 |  |
| **÷ Equivalent units of production** | 92,000 |  | 88,400 |  |
| **Cost per EUP** | $ 1.97 | per EUP | $ 2.81 | per EUP |

The total conversion costs transferred out of the Canning department equals:

$248,404.

$248,800.

$187,600.

$181,000.

$224,800.

SOLUTION:

TB MC Qu. 16-166 (Algo) Following is a partial process...

Following is a partial production cost report for Mitchell Manufacturing's Canning department.

| **Equivalent units of production (EUP)** | | **Direct Materials** | | **Conversion** | |
| --- | --- | --- | --- | --- | --- |
|  | **Units** | **Percent Complete** | **EUP** | **Percent Complete** | **EUP** |
| **Completed and transferred out** | 80,000 | 100% | 80,000 | 100% | 80,000 |
| **Ending Work in Process** | 12,000 | 100% | 12,000 | 80% | 8,400 |
|  |  |  | 92,000 |  | 88,400 |

| **Cost per EUP** | **Direct Materials** | | **Conversation** | |
| --- | --- | --- | --- | --- |
| **Cost of beginning work in process** | $ 41,600 |  | $ 61,200 |  |
| **Costs added this period** | 139,400 |  | 187,600 |  |
| **Total costs** | $ 181,000 |  | $ 248,800 |  |
| **÷ Equivalent units of production** | 92,000 |  | 88,400 |  |
| **Cost per EUP** | $ 1.97 | per EUP | $ 2.81 | per EUP |

The total conversion costs transferred out of the Canning department equals:

$248,404.

$248,800.

$187,600.

$181,000.

$224,800.

**80,000 units transferred out × 2.81 per EUP = $224,800**

QUESTION:

TB MC Qu. 16-168 (Algo) A manufacturer makes nutritional supplements...

A manufacturer makes nutritional supplements in several processes. Packaging, the last department in the company’s production process, reports the following:

|  | **Current month** | **Prior month** |
| --- | --- | --- |
| **Costs transferred to finished goods** | $ 442,000 | $ 441,000 |
| **Units transferred to finished goods** | 52,000 | 49,000 |
| **Units sold** | 50,000 | 48,400 |

Compute the cost per completed unit for the prior month.

$8.50.

$9.00.

$4.53.

$8.84.

$9.03.

SOLUTION:

TB MC Qu. 16-168 (Algo) A manufacturer makes nutritional supplements...

A manufacturer makes nutritional supplements in several processes. Packaging, the last department in the company’s production process, reports the following:

|  | **Current month** | **Prior month** |
| --- | --- | --- |
| **Costs transferred to finished goods** | $ 442,000 | $ 441,000 |
| **Units transferred to finished goods** | 52,000 | 49,000 |
| **Units sold** | 50,000 | 48,400 |

Compute the cost per completed unit for the prior month.

$8.50.

$9.00.

$4.53.

$8.84.

$9.03.

Cost per completed unit = $441,000 / 49,000 units = $9.00 per completed unit

QUESTION:

TB MC Qu. 16-171 (Static) A manufacturer estimates total...

A manufacturer estimates total factory overhead costs of $4,752,000 and total direct labor costs of $2,200,000 for its first year of operations. During January, the company used $100,000 of direct labor cost in its Blending department and $75,000 of direct labor cost in its Bottling department. Compute the predetermined overhead rate as a percentage of direct labor cost.

46%.

133%.

216%.

116%.

75%.

SOLUTION:

TB MC Qu. 16-171 (Static) A manufacturer estimates total...

A manufacturer estimates total factory overhead costs of $4,752,000 and total direct labor costs of $2,200,000 for its first year of operations. During January, the company used $100,000 of direct labor cost in its Blending department and $75,000 of direct labor cost in its Bottling department. Compute the predetermined overhead rate as a percentage of direct labor cost.

46%.

133%.

216%.

116%.

75%.

Predetermined overhead rate = $4,752,000 / 2,200,000 = 216%

QUESTION:

TB MC Qu. 16-172 (Static) A manufacturer estimates total...

A manufacturer estimates total factory overhead costs of $4,752,000 and total direct labor costs of $2,200,000 for its first year of operations. During January, the company used $100,000 of direct labor cost in its Blending department and $75,000 of direct labor cost in its Bottling department. The company computes its predetermined overhead rate as a percentage of direct labor cost. Which of the following is the correct journal entry to apply factory overhead to the Blending and Bottling departments.

Debit Work in Process Inventory—Blending $216,000; debit Work in Process Inventory—Bottling $162,000; credit Factory Overhead $378,000.

Debit Work in Process Inventory $378,000; credit Factory Overhead $378,000.

Debit Work in Process Inventory—Blending $216,000; debit Work in Process Inventory—Bottling $162,000; credit Factory Wages Payable $378,000.

Debit Work in Process Inventory—Blending $100,000; debit Work in Process Inventory—Bottling $75,000; credit Factory Overhead $175,000.

Debit Work in Process Inventory $175,000; credit Factory Overhead $175,000.

SOLUTION:

TB MC Qu. 16-172 (Static) A manufacturer estimates total...

A manufacturer estimates total factory overhead costs of $4,752,000 and total direct labor costs of $2,200,000 for its first year of operations. During January, the company used $100,000 of direct labor cost in its Blending department and $75,000 of direct labor cost in its Bottling department. The company computes its predetermined overhead rate as a percentage of direct labor cost. Which of the following is the correct journal entry to apply factory overhead to the Blending and Bottling departments.

Debit Work in Process Inventory—Blending $216,000; debit Work in Process Inventory—Bottling $162,000; credit Factory Overhead $378,000.

Debit Work in Process Inventory $378,000; credit Factory Overhead $378,000.

Debit Work in Process Inventory—Blending $216,000; debit Work in Process Inventory—Bottling $162,000; credit Factory Wages Payable $378,000.

Debit Work in Process Inventory—Blending $100,000; debit Work in Process Inventory—Bottling $75,000; credit Factory Overhead $175,000.

Debit Work in Process Inventory $175,000; credit Factory Overhead $175,000.

Predetermined overhead rate = $4,752,000 / 2,200,000 = 216%  
Blending: $100,000 DL × 216% = $216,000;

Bottling: $75,000 DL × 216% = $162,000

END