

EXERCISE 4-1 Process Costing Journal Entries [LO1]

Arizona Brick Corporation produces bricks in two processing departments—Molding and Firing. Information relating to the company's operations in March follows:

- Raw materials were issued for use in production: Molding Department, \$28,000; and Firing Department, \$5,000.
- Direct labor costs were incurred: Molding Department, \$18,000; and Firing Department, \$5,000.
- Manufacturing overhead was applied: Molding Department, \$24,000; and Firing Department, \$37,000.
- Unfired, molded bricks were transferred from the Molding Department to the Firing Department. According to the company's process costing system, the cost of the unfired, molded bricks was \$67,000.
- Finished bricks were transferred from the Firing Department to the finished goods warehouse. According to the company's process costing system, the cost of the finished bricks was \$108,000.
- Finished bricks were sold to customers. According to the company's process costing system, the cost of the finished bricks sold was \$106,000.

Required:

Prepare journal entries to record items (a) through (f) above.

EXERCISE 4-2 Computation of Equivalent Units—Weighted-Average Method [LO2]

Lindex Company uses a process costing system. The following data are available for one department for October:

	Units	Percent Completed	
		Materials	Conversion
Work in process, October 1	50,000	90%	60%
Work in process, October 31	30,000	70%	50%

The department started 390,000 units into production during the month and transferred 410,000 completed units to the next department.

Required:

Compute the equivalent units of production for October, assuming that the company uses the weighted-average method of accounting for units and costs.

EXERCISE 4-3 Cost Per Equivalent Unit—Weighted-Average Method [LO3]

Billstaff Industries uses the weighted-average method in its process costing system. Data for the Assembly Department for May appear below:

	Materials	Labor	Overhead
Work in process, May 1	\$14,550	\$23,620	\$118,100
Cost added during May	\$88,350	\$14,330	\$71,650
Equivalent units of production	1,200	1,100	1,100

Required:

- Compute the cost per equivalent unit for materials, for labor, and for overhead.
- Compute the total cost per equivalent whole unit.

EXERCISE 4-4 Applying Costs to Units—Weighted-Average Method [LO4]

Data concerning a recent period's activity in the Prep Department, the first processing department in a company that uses process costing, appear below:

	Materials	Conversion
Equivalent units of production in ending work in process	300	100
Cost per equivalent unit	\$31.56	\$9.32

A total of 1,300 units were completed and transferred to the next processing department during the period.

Required:

Compute the cost of the units transferred to the next department during the period and the cost of ending work in process inventory.

PROBLEM 4-13 Comprehensive Problem Weighted-Average Method [LO2, LO3, LO4, LO5]

The PVC Company manufactures a high-quality plastic pipe that goes through three processing stages prior to completion.

Information on work in the first department, Cooking, is given below for May:

Production data:	
Pounds in process, May 1: materials 100% complete; conversion 90% complete	70,000
Pounds started into production during May	350,000
Pounds completed and transferred to the next department	?
Pounds in process, May 31: materials 75% complete; conversion 25% complete	40,000
Cost data:	
Work in process inventory, May 1:	
Materials cost	\$86,000
Conversion cost	\$36,000
Cost added during May:	
Materials cost	\$447,000
Conversion cost	\$198,000

The company uses the weighted-average method.

Required:

1. Compute the equivalent units of production.
2. Compute the costs per equivalent unit for the month.
3. Determine the cost of ending work in process inventory and of the units transferred out to the next department.
4. Prepare a cost reconciliation report for the month.