

1. The Assembly Department started the month with 59,000 units in its beginning work in process inventory. An additional 274,000 units were transferred in from the prior department during the month to begin processing in the Assembly Department. There were 21,000 units in the ending work in process inventory of the Assembly Department.

How many units were transferred to the next processing department during the month?

- A 333,000
- B 236,000
- C 354,000
- D 312,000

To solve for units transferred:

+ Work in process, beginning.....	59,000
+ Units started into production during the month.....	274,000
- Work in process, ending.....	<u>21,000</u>
= Units completed and transferred out during the month	<u>312,000</u>

2. Dewey Company uses the weighted-average method in its process costing system. The first processing department, the Welding Department, started the month with 15,000 units in its beginning work in process inventory that were 20% complete with respect to conversion costs. The conversion cost in this beginning work in process inventory was \$19,200. An additional 86,000 units were started into production during the month. There were 13,000 units in the ending work in process inventory of the Welding Department that were 60% complete with respect to conversion costs. A total of \$575,360 in conversion costs were incurred in the department during the month.

The cost per equivalent unit for conversion costs is closest to:

- A \$5.812
- B \$6.206
- C \$6.400
- D \$6.690

To solve for units transferred:

+ Work in process, beginning.....	15,000
+ Units started into production during the month.....	86,000
- Work in process, ending.....	<u>139,000</u>
= Units completed and transferred out during the month	<u>88,000</u>

TYPO: 13,000 not 139,000
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*Equivalent units of production*

	<i>Conversion</i>
Transferred to next department.....	88,000
Ending work in process (conversion: 13,000 units × 60% complete).....	<u>7,800</u>
Equivalent units of production .....	<u>95,800</u>

*Cost per Equivalent Unit*

	<i>Conversion</i>
Cost of beginning work in process .....	\$19,200
Cost added during the period.....	<u>575,360</u>
Total cost (a).....	<u>\$594,560</u>

Equivalent units of production (b).....	95,800
Cost per equivalent unit, (a) ÷ (b).....	\$6.206

3. Process costing would be appropriate for each of the following except:

- A custom furniture manufacturing.
- B oil refining.
- C grain milling.
- D newsprint production.

4. The following journal entry would be made in a processing costing system when units that have been completed in the final processing department are transferred to the finished goods warehouse:

Finished Goods	XXX
Materials	XXX

- A True
- B False

5. In a process costing system, overhead is allocated to departments before being applied to units of product.  
 → A True  
     B False
6. The "costs accounted for" portion of the cost reconciliation report includes the cost of ending work in process inventory and the cost of units transferred out.  
 → A True  
     B False

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