

Minicase 5

Process Costing Accounting

Spectre Chemicals produces Canovic in a two department process. Information on the two departments for March and April, 2014 are as follows:

March 2014:

Department 1: The Company had beginning inventory of 6,000 units, 40% completed with a cost of \$45,000. During the month, the department transferred in 22,000 units of the direct materials with a cost of \$10 per unit. Ending inventory was 7,000 units, 30% completed. Direct labor is \$310,500 and factory overhead is \$103,500.

Department 2: The Company had beginning inventory of 5,000 units, 70% completed with a cost of \$80,000. During the month, direct labor was \$175,000 and factory overhead was \$87,500. Ending inventory was 10,000 units, 50% completed.

April 2014:

Department 1: During the month, the department transferred in 20,000 units of the direct materials with a cost of \$11 per unit. Direct labor is \$209,000 and factory overhead is \$104,500. Ending inventory is 10,000 units 60% completed.

Department 2: During the month, direct labor is \$175,000 and factory overhead is \$87,500. The company had ending inventory of 5,000 units, 70% completed with a cost of \$80,000.

Required:

- Compute the Equivalent Units of Production, Material costs, and Conversion costs for each department for March and April, 2014.
- Complete the attached chart - one for each department and each month
- Prepare a cost of production report for March and April 2014.