

IV. Completing a process cost summary

The following partially completed process cost summary describes the May production activities of Raman Company. Its production output is sent to its warehouse for shipping. Prepare its process cost summary using the weighted average method.

Equivalent Units of Production	Direct Materials	Direct Labor	Factory Overhead
Units transferred out	128,000	128,000	128,000
Units of ending goods in process	<u>10,000</u>	<u>6,000</u>	<u>6,000</u>
Equivalent units of production	<u>138,000</u>	<u>134,000</u>	<u>134,000</u>
Costs per EUP	Direct Materials	Direct Labor	Factory Overhead
Costs of beginning goods in process	\$ 37,100	\$ 1,520	\$ 3,040
Costs incurred this period	<u>715,000</u>	<u>125,780</u>	<u>251,560</u>
Total costs	<u>\$752,100</u>	<u>\$127,300</u>	<u>\$254,600</u>
Units in beginning goods in process			8,000
Units started this period			130,000
Units completed and transferred out			128,000
Units in ending goods in process			10,000

V. Process costing weighted average

Ebony Company uses the weighted average method of process costing to assign production costs to the products. Information for April follows. Assume that all materials are added at the beginning of the production process, and that direct labor and factory overhead are added uniformly throughout the process.

Goods in process inventory, April 1 (4,000 units, 100% complete with respect to direct materials, 80% complete with respect to direct labor and overhead; includes \$90,000 of direct material cost, \$51,200 in direct labor cost, \$61,440 overhead cost)	\$202,640
Units started in April	56,000
Units completed and transferred to finished goods inventory	46,000
Goods in process inventory, April 30 (___ ? ___ units, 100% complete with respect to direct materials, 40% complete with respect to direct labor and overhead)	_____?
Costs incurred in April	
Direct materials	\$750,000
Direct labor	\$310,000
Overhead applied at 120% of direct labor cost	_____?

Using the format illustrated on the next page, complete a process cost summary using the following sections:

- 1 Costs charged to production
- 2 Unit cost information
- 3 Equivalent units of production
- 4 Cost per Equivalent unit of production
- 5 Cost assignment and reconciliation

GenX COMPANY
Process Cost Summary
For Month Ended April 30, 2011

Costs Charged to Production

Costs of beginning goods in process			
Direct materials	.....	\$3,300	
Direct labor	.....	600	
Factory overhead	.....	720	\$ 4,620
Costs incurred this period			
Direct materials	.....	9,900	
Direct labor	.....	5,700	
Factory overhead	.....	6,840	22,440
Total costs to account for	.....		<u>\$27,060</u>

Unit Cost Information

Units to account for:		Units accounted for:	
Beginning goods in process	..... 30,000	Completed and transferred out	..... 100,000
Units started this period	..... <u>90,000</u>	Ending goods in process	..... 20,000
Total units to account for	..... <u>120,000</u>	Total units accounted for	..... <u>120,000</u>

	Direct Materials	Direct Labor	Factory Overhead
Equivalent Units of Production (EUP)			
Units completed and transferred out	100,000 EUP	100,000 EUP	100,000 EUP
Units of ending goods in process			
Direct materials (20,000 × 100%)	20,000		
Direct labor (20,000 × 25%)		5,000	
Factory overhead (20,000 × 25%)			5,000
Equivalent units of production	<u>120,000 EUP</u>	<u>105,000 EUP</u>	<u>105,000 EUP</u>

	Direct Materials	Direct Labor	Factory Overhead
Cost per EUP			
Costs of beginning goods in process	\$ 3,300	\$ 600	\$ 720
Costs incurred this period	9,900	5,700	6,840
Total costs	<u>\$13,200</u>	<u>\$6,300</u>	<u>\$7,560</u>
÷ EUP	<u>120,000 EUP</u>	<u>105,000 EUP</u>	<u>105,000 EUP</u>
Cost per EUP	<u>\$0.11 per EUP</u>	<u>\$0.06 per EUP</u>	<u>\$0.072 per EUP</u>

Cost Assignment and Reconciliation

Costs transferred out (cost of goods manufactured)			
Direct materials (100,000 EUP × \$0.11 per EUP)	.....	\$11,000	
Direct labor (100,000 EUP × \$0.06 per EUP)	.....	6,000	
Factory overhead (100,000 EUP × \$0.072 per EUP)	.....	7,200	\$ 24,200
Costs of ending goods in process			
Direct materials (20,000 EUP × \$0.11 per EUP)	.....	2,200	
Direct labor (5,000 EUP × \$0.06 per EUP)	.....	300	
Factory overhead (5,000 EUP × \$0.072 per EUP)	.....	360	2,860
Total costs accounted for	.....		<u>\$27,060</u>

reconciled