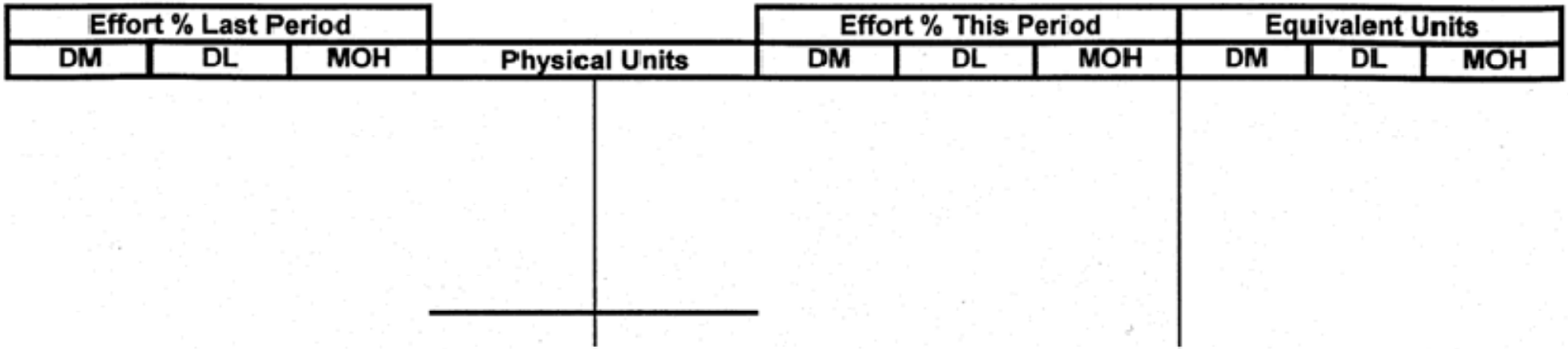
Lanen 3e: Chapter 8 Process Costing Practice Quiz

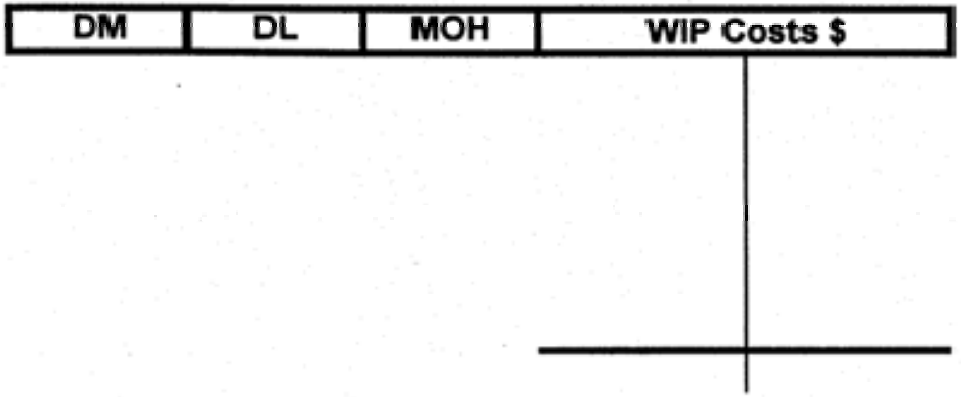
91. The Clarke Chemical Company produces a special kind of body oil that is widely used by professional sports trainers. The oil is produced in three processes: Refining, Blending, and Mixing. Raw oil materials are introduced at the beginning of the refining process. A "mountain-air scent" material is added in the blending process when processing is 50% completed.
The following Work-in-Process account for the Refining Department is available for the month of July. The July 1 Work-in-Process Inventory contains $1,500 in material costs.

Work-in-Process: Refining	
Beginning balance (5,000 gal, 80% complete)	$6,500
Materials (30,000 gal.)	12,300
Direct labor	14,500
Overhead	21,750
Ending balance (6,000 gal., 2/3 complete)	

The Clarke Chemical Company uses weighted-average costing.
Required (use 4 decimal places for computations):
(a) Compute the equivalent units of production for Refining for July.
(b) Compute the material cost per unit and the conversion cost per unit for July.
(c) Compute the costs transferred to the Blending Department for July.
(d) Compute the July 31 Work-in-Process Inventory balance.

PROCESS COSTING





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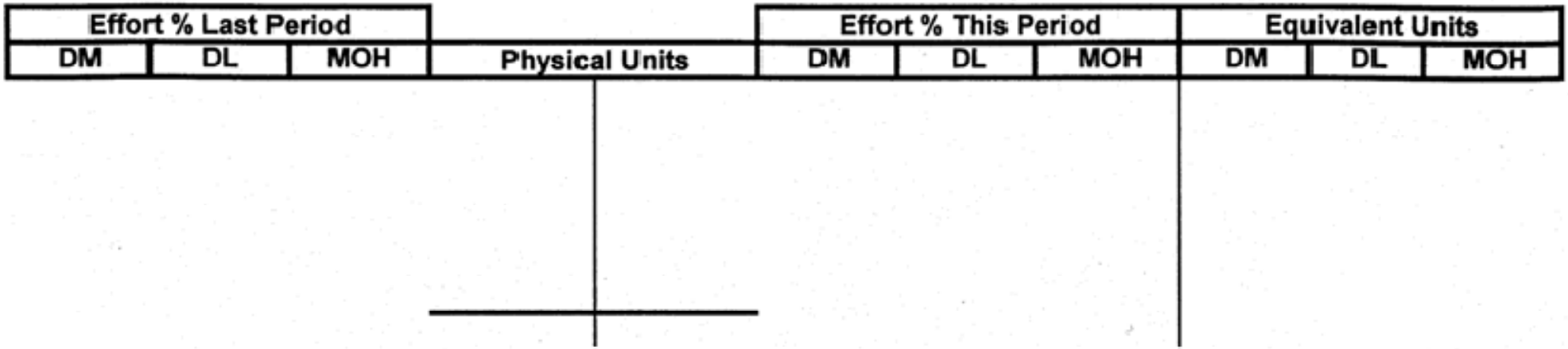
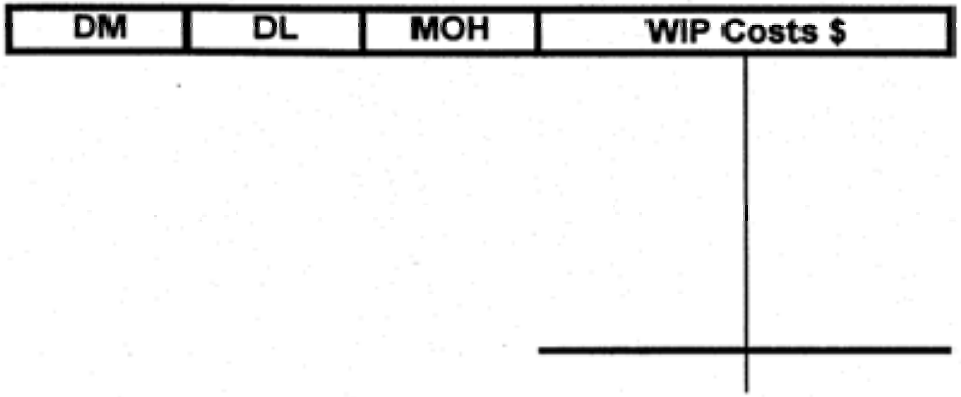
The following Work-in-Process account for the Refining Department is available for the month of July. The July 1 Work-in-Process Inventory contains $1,500 in material costs.

Work-in-Process: Refining	
Beginning balance (5,000 gal, 80% complete)	$7,500
Materials (30,000 gal.)	12,300
Direct labor	14,500
Overhead	21,750
Ending balance (6,000 gal., 2/3 complete)	

The Clarke Chemical Company uses first-in, first-out (FIFO) costing.
Required (use 4 decimal places for computations):
(a) Compute the equivalent units of production for Refining for July.
(b) Compute the material cost per unit and the conversion cost per unit for July.
(c) Compute the costs transferred to the Blending Department for July.
(d) Compute the July 31 Work-in-Process Inventory balance.

PROCESS COSTING





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The following Work-in-Process account for the Blending Department is available for the month of July. The July 1 Work-in-Process inventory contains $5,920 in material costs, and $1.56/unit in costs transferred in from the Refining Department.

Work-in-Process: Blending	
Beginning balance (8,000 gal, 30% complete)	$22,850
Costs transferred in from Refining (29,000 gal.)	48,200
Materials	20,810
Direct labor	5,748
Overhead	11,600
Ending balance (4,000 gal., 40% complete)	

The Clarke Chemical Company uses weighted average costing.
Required (use 4 decimal places for computations):
(a) Compute the equivalent units of production for Blending.
(b) Compute the unit costs in the Blending Department for the month of July. (HINT: There are three!!)
(c) Compute the costs transferred out to the Mixing Department for July.
(d) Compute the July 31 Work-in-Process Inventory balance.

PROCESS COSTING