

The cost transferred into Finished Goods Inventory is the cost of the lifts transferred out of the Testing Department. SeaWorthy uses weighted-average process costing.

Requirements

1. Draw a time line for the Testing Department.
2. Use the time line to compute the number of equivalent units of work performed by the Testing Department during the period.
3. Compute SeaWorthy's transferred-in and conversion costs per equivalent unit. Use the unit costs to assign total costs to (a) units completed and transferred out of Testing and (b) units in Testing's Ending work in process inventory.
4. Compute the cost per unit for lifts completed and transferred out to Finished goods inventory. Why would management be interested in this cost?

■ Problems (Group B)

P16A-17B Computing equivalent units and assigning costs to completed units and ending work in process; no beginning inventory or cost transferred in [30–45 min]

Sue Electronics makes CD players in three processes: assembly, programming, and packaging. Direct materials are added at the beginning of the assembly process. Conversion costs are incurred evenly throughout the process. The Assembly Department had no work in process on March 31. In mid-April, Sue Electronics started production on 100,000 CD players. Of this number, 76,100 CD players were assembled during April and transferred out to the Programming Department. The April 30 work in process in the Assembly Department was 40% of the way through the assembly process. Direct materials costing \$375,720 were placed in production in Assembly during April, and direct labor of \$157,700 and manufacturing overhead of \$98,505 were assigned to that department.

Requirements

1. Draw a time line for the Assembly Department.
2. Use the time line to help you compute the number of equivalent units and the cost per equivalent unit in the Assembly Department for April.
3. Assign total costs in the Assembly Department to (a) units completed and transferred to Programming during April and (b) units still in process at April 30.
4. Prepare a T-account for Work in Process Inventory—Assembly to show its activity during April, including the April 30 balance.

P16A-18B Computing equivalent units and assigning costs to completed units and ending work in process; no beginning inventory or cost transferred in [30–45 min]

Reed Paper, Co., produces the paper used by wallpaper manufacturers. Reed's four-stage process includes mixing, cooking, rolling, and cutting. During October, the Mixing Department started and completed mixing for 4,420 rolls of paper. The department started but did not finish the mixing for an additional 650 rolls, which were 25% complete with respect to both direct materials and conversion work at the end of October. Direct materials and conversion costs are incurred evenly throughout the mixing process. The Mixing Department incurred the following costs during October:

Work in process inventory—mixing

Bal, Oct 1	0	
Direct materials	5,675	
Direct labor	570	
Manufacturing overhead	6,240	