Problem Operations Costing: Work-in-Process Inventory

Miller Outdoor Equipment makes four models of tents. The model names are Rookie, Novice, Hiker, and Expert. Miller Manufacturers the tents in two departments: Stitching and Customizing. All four models are processed initially in Stitching where all material is assembled and sewn into a basic tent. The Rookie model is then transferred to finished goods. After processing in Stitching, the other three models are transferred to Customizing for additional add-ons, and then transferred to finished goods.

There were no beginning work-in-process inventories on August 1. Data for August are shown in the following table. Ending work in process is 40 percent completed in Stitching and 20 percent complete in Customizing. Conversion costs are allocated based on the number of equivalent units processed in each department.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | Total | Rookie | Novice | Hiker | Expert |
| Units started |  | 600 | 480 | 290 | 150 |
| Units completed in Stitching |  | 540 | 450 | 270 | 120 |
| Units completed in Customizing |  |  | 440 | 250 | 100 |
| Materials | $39,720 | $12,000 | $11,520 | $8,700 | $7,500 |
|  |  |  |  |  |  |
| Conversion costs: |  |  |  |  |  |
|  Stitching | $50,260 |  |  |  |  |
|  Customizing | 24,000 |  |  |  |  |
|  Total conversion cost | $74,260 |  |  |  |  |

Required:

1. What is the unit cost of each model transferred to finished goods in August?
2. What is the balance of the Work-in-Process Inventory on August 31 for Stitching? For Customizing?