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MT425: Managerial Financial Accounting / Chapter 3

# \*AP3-4

## Production Cost Report [LO 2, 3, 4, 5]

Aussie Yarn Co. is a U.S. producer of woolen yarn made from wool imported from Australia. Raw wool is processed, spun, and finished before being shipped out to knitting and weaving companies. Material is added in the beginning of processing, and conversion costs are added evenly throughout processing.

Aussie began the month of August with 6,300 units in process that were 100 percent complete as to materials and 70 percent complete as to labor and overhead. It started 33,900 units into production during the month of August of which 5,500 remained in ending Work in Process inventory and were 50 percent complete as to conversion costs. The cost data are as follows:

## **Beginning Work in Process:**

Direct materials	\$5,500
Direct labor	1,670
Manufacturing overhead	1,880

## Costs added during August:

Direct materials	\$33,494
Direct labor	16,681
Manufacturing overhead	17,969

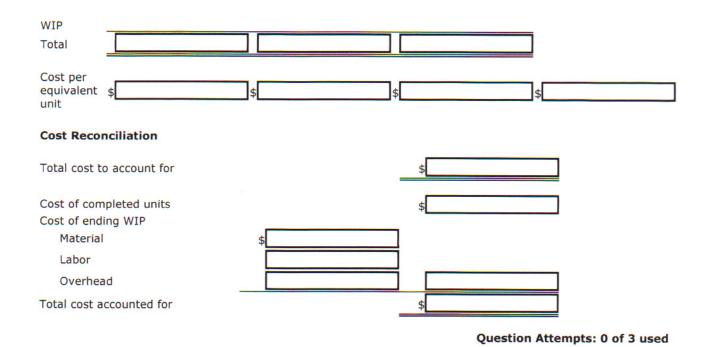
Prepare a production cost report for the month of August. (Round cost per equivalent unit to 2 decimal places, e.g. 5.25 and all other answers to 0 decimal places, e.g. 125.)

### **Unit Reconciliation**

Jnits to account for	
Inite account of face	
Units accounted for	

### Cost per Equivalent Unit Calculation

Cost	Material	Labor	Overhead	Total
Beginning WIP Cost	\$\$	\$		\$
incurred during Sept.				
Total	\$ \$	\$		\$
<b>Units</b> Units completed				
Equivalent unit ending				



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#### Production Cost Report, Missing Information [LO 2,3,4,5]

Marion Chemicals produces a chemical used as a base in paints. In the manufacturing process, all materials are added at the start of the process, whereas labor and overhead are added evenly throughout production.

Fill in the missing information in Marion's Production Cost Report for the month of December. (Enter total cost per equivalent unit to 2 decimal places, e.g. 5.25.)

#### **Marion Chemicals Production Cost Report** December 2011 Unit Reconciliation Units in beginning WIP (100% material, 10% conversion costs) 9,000 Units started during December Units to account for Units completed Units in ending WIP (100% material, 20% conversion costs) 5,000 Units accounted for Cost Per Equivalent Unit Calculation Material Labor Overhead Total Cost Beginning WIP \$52,800 \$12,600 \$31,900 \$97,300 Cost incurred in December Units Units completed Equivalent units, ending WIP Total Cost per equivalent unit \$1.90 \$1.90 \$3.00 **Cost Reconciliation** Total cost to account for \$3,513,000 Cost of completed items \$3,498,600 Cost of ending WIP Material Labor Overhead Total cost accounted for \$3,513,000

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Question Attempts: 0 of 3 used