

Lectures Note

COST ACCOUNTING

Chapter 8 cont. Process Costing: Review

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Chapter VIII (continuing)

Process Costing: Review

Process Costing System

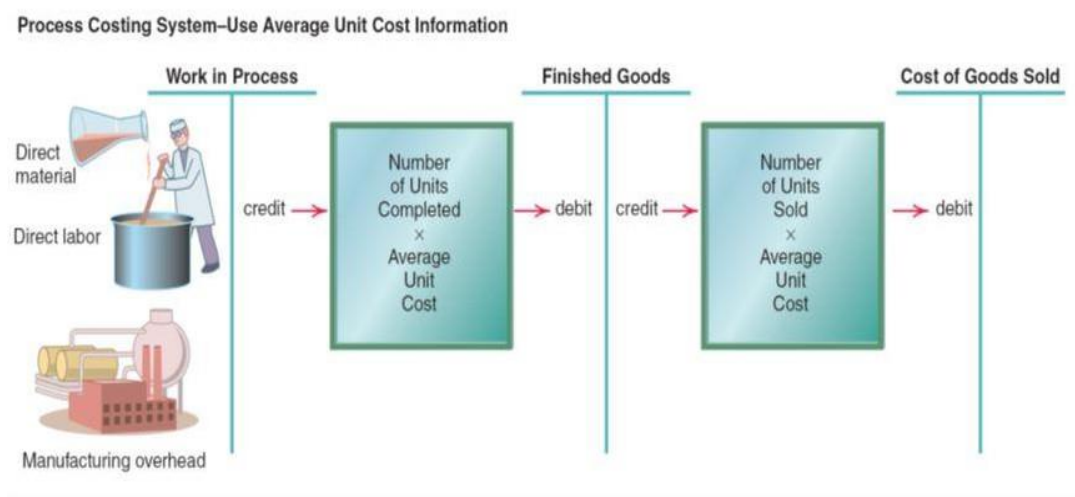


Exhibit 8.1 Process Costing System

Exercise:

PT Jocular calculates the product costs using process costing method. The products are manufactured through two departments: Mixing and Smoothing Department. In the beginning of November 2022, Mixing Department has Work in Process of 500 units and Smoothing Department has Work in Process of 1,000 units. Costs of work in process in Mixing Department is \$ 100,000 for RM and \$50,000 for CC (1 RM, $\frac{1}{2}$ CC) and Smoothing Department is \$400,000 for RM and \$100,000 for CC ($\frac{4}{5}$ RM, $\frac{2}{5}$ CC). Unit completed in Mixing Department are 10,000 units and there are spoiled units (normal) of 200 units. Units lost in the end of process of 100 units in Mixing Department which has ending Work in Process of 1,000 (1 RM, $\frac{1}{2}$ CC). In the Smoothing Department has spoiled units (abnormal) of 100 units, defective units (normal) of 300 units, additional unit because of raw material addition of 2,000

units, and Work in Process of 500 units (3/4 RM, 1/2 CC). Manufacturing costs for November 2022 are as follows:

	Mixing Department	Smoothing Department
Raw Materials	\$ 5,000,000	\$ 4,000,000
Conversion Costs	8,000,000	6,000,000
Rework Cost – CC only		300,000

Required:

- a. Prepare the statement of production report costs for both departments using Weighted Average Method
- b. Journals needed

REFERENCES

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- Miller, J. 1996. Implementing Activity-Based Management. New York: John Wiley and Sons.
- Rayburn, L Gayle. 2016. Cost Accounting: Using a Cost Management Approach 12th edition. England: Richard D. Irwin, Inc.