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1. MC.20-062

Process and job order cost systems are similar in all of the following ways **except**

- a. both maintain perpetual inventories
- b. both allocate product costs to units produced
- c. both accumulate product costs—direct materials, direct labor, and factory overhead
- d. both use job order cost cards

2. MC.20-064

In a process cost system, the amount of work in process inventory is valued by

- a. finding the sum of all completed jobs
- b. multiplying units in ending inventory by the direct materials cost per unit
- c. finding the sum of all open job costs
- d. allocating departmental costs between completed and partially completed units

3. MC.20-066

The two categories of cost comprising conversion costs are

- a. direct labor and direct materials
- b. direct labor and factory overhead
- c. direct labor and indirect labor
- d. factory overhead and direct materials

4. MC.20-070

All of the following are characteristics of a process cost system **except**

- a. the system may use several work in process inventory accounts
- b. manufacturing costs are grouped by department rather than by job
- c. the system accumulates costs per job
- d. the system emphasizes time periods rather than the time it takes to complete a job

5. MC.20-073

If a company uses a process costing system to account for the costs in its five production departments, how many work in process accounts will it use?

- a. 6
- b. 2
- c. 4
- d. 5

6. MC.20-075

Which of the following costs incurred by a paper manufacturer would be included in the group of costs referred to as conversion costs?

- a. assembly labor's wages
- b. administrative salaries
- c. raw lumber
- d. accounting department costs

7. MC.20-077

In the manufacture of 10,000 units of a product, direct materials cost incurred was $165,000, direct labor cost incurred was $105,000, and applied factory overhead was $53,000. What is the total conversion cost?

- a. $218,000
- b. $158,000
- c. $53,000
- d. $323,000

8. MC.20-078

Department M had 600 units 60% completed in process at the beginning of June, 6,000 units completed during June, and 700 units 30% completed at the end of June. Using the first-in, first-out method of inventory costing, what was the number of equivalent units of production for conversion costs for the period?

- a. 5,640 units
- b. 5,850 units
- c. 7,300 units
- d. 6,700 units

9. MC.20-080

Use this information about Department G to answer the question that follow.

Department G had 3,600 units 25% completed at the beginning of the period, 11,000 units were completed during the period, 3,000 units were 20% completed at the end of the period, and the following manufacturing costs were debited to the departmental work in process account during the period:

Work in process, beginning of period	$40,000
Costs added during period:	
Direct materials (10,400 units at $8)	83,200
Direct labor	63,000
Factory overhead	25,000

All direct materials are placed in process at the beginning of production, and the first-in, first-out method of inventory costing is used. What is the total cost of the departmental work in process inventory at the end of the period (round unit cost calculations to whole dollars)?

- a. $16,163
- b. $28,935
- c. $35,670
- d. $21,432

10. MC.20-082

Use this information about Department G to answer the question that follow.

Department G had 3,600 units 25% completed at the beginning of the period, 11,000 units were completed during the period, 3,000 units were 20% completed at the end of the period, and the following manufacturing costs were debited to the departmental work in process account during the period:

Work in process, beginning of period	$40,000
Costs added during period:	
Direct materials (10,400 units at $8)	83,200
Direct labor	63,000
Factory overhead	25,000

All direct materials are placed in process at the beginning of production, and the first-in, first-out method of inventory costing is used. What is the total cost of the units started and completed during the period (do not round unit cost calculations)?

- a. $211,200
- b. $120,060
- c. $20,934
- d. $190,275

11. MC.20-084

Use this information about Department S to answer the question that follow.

Department S had no work in process at the beginning of the period. It added 12,000 units of direct materials during the period at a cost of $84,000. During the period, 9,000 units were completed, and 3,000 units were 30% completed as to labor and overhead at the end of the period. All materials are added at the beginning of the

process. Direct labor was $49,500, and factory overhead was $9,900.

The total conversion costs for the period were

- a. $59,400
- b. $143,400
- c. $9,900
- d. $49,500

12. MC.20-086

The following production data were taken from the records of the Finishing Department for June:

Inventory in process, June 1, 25% completed	1,500 units
Transferred to finished goods during June	5,000 units
Equivalent units of production during June	5,200 units

Determine the number of equivalent units of production in the June 30, Finishing Department inventory, assuming that the first-in, first-out method is used to cost inventories. The completion percentage of 25% applies to both direct materials and conversion costs.

- a. 575 units
- b. 1,000 units
- c. 200 units
- d. 300 units

13. MC.20-090

In the manufacture of 8,000 units of a product, direct materials cost incurred was $154,600, direct labor cost incurred was $84,000, and applied factory overhead was $45,500. What is the total conversion cost?

- a. $154,600
- b. $284,100
- c. $129,500
- d. $238,600

14. MC.20-094

Use this information about Department A to answer the question that follow.

Department A had 5,000 units in Work in Process that were 60% completed as to labor and overhead at the beginning of the period. 34,000 units of direct materials were added during the period, 31,000 units were completed during the period, and 8,000 units were 80% completed as to labor and overhead at the end of the period. All materials are added at the beginning of the process. The first-in, first-out method is used to cost inventories.

The number of equivalent units of production for material costs for the period was

- a. 34,000
- b. 29,000
- c. 29,800
- d. 32,000

15. MC.20-098

The debits to Work in Process—Assembly Department for April, together with data concerning production, are as follows:

April 1, work in process:	
Materials cost, 3,000 units	$ 7,200
Conversion costs, 3,000 units, 40% completed	6,000
Materials added during April, 10,000 units	25,000
Conversion costs during April	30,800
Goods finished during April, 12,000 units	0
April 30 work in process, 1,000 units, 40% completed	0

All direct materials are added at the beginning of the process, and the first-in, first-out method is used to cost inventories. The conversion cost per equivalent unit for April is

- a. $2.50
- b. $2.48
- c. $5.25
- d. $2.75

16. MC.20-102

Use this information about Super Co. to answer the question that follow.

The following unit data were assembled for the assembly process of Super Co. for the month of April. Direct materials are added at the beginning of the process. Conversion costs are added uniformly over the production process. The company uses the FIFO method.

	Units
Beginning work in process (60% completed)	5,000
Units started in April	48,000
Ending work in process (30% completed)	4,000

The number of equivalent units produced with respect to direct materials costs is

- a. 43,000
- b. 49,000
- c. 48,000
- d. 53,000

17. MC.20-103

Use this information about Carmelita Inc. to answer the question that follow.

Carmelita Inc. has the following information available:

	Costs from Beginning Inventory	Costs from Current Period
Direct materials	$2,000	$ 22,252
Conversion costs	6,200	150,536

At the beginning of the period, there were 500 units in process that were 60% complete as to conversion costs and 100% complete as to direct materials costs. During the period, 4,500 units were started and completed. Ending inventory contained 340 units that were 30% complete as to conversion costs and 100% complete as to materials costs. The company uses the FIFO process cost method.

The equivalent units of production for direct materials and conversion costs, respectively, were

- a. 5,340 for direct materials and 4,902 for conversion costs
- b. 4,602 for direct materials and 4,802 for conversion costs
- c. 4,902 for direct materials and 4,802 for conversion costs
- d. 4,840 for direct materials and 4,802 for conversion costs

18. MC.20-106

Equivalent production units are generally determined for

- a. direct materials and conversion costs
- b. direct materials only
- c. conversion costs only
- d. direct materials and direct labor costs only

19. MC.20-109

A form prepared periodically for each processing department summarizing the units for which the department is accountable and the units to be assigned costs and the costs charged to the department and the allocation of these costs is termed a

- a. manufacturing cost report
- b. cost of production report
- c. process cost report
- d. factory overhead production report

20. MC.20-115

Blue Lake Water Company has two departments, Purifying and Bottling. The Bottling Department received 76,000 liters from the Purifying Department. During the period, the Bottling Department completed 74,000 liters, including 3,000 liters of work in process at the beginning of the period. The ending work in process was 5,000 liters. How many liters were started and completed during the period?

- a. 79,000
- b. 69,000
- c. 73,000
- d. 71,000

21. MC.20-130

Mocha Company manufactures a single product by a continuous process involving three production departments. The records indicate that direct materials, direct labor, and applied factory overhead for Department 1 were $100,000, $125,000, and $150,000, respectively. The records further indicate that direct materials, direct labor, and applied factory overhead for Department 2 were $50,000, $60,000, and $70,000, respectively. Department 2 has transferred in costs of $390,000 for the current period. In addition, work in process at the beginning of the period for Department 2 totaled $75,000 and work in process at the end of the period totaled $90,000. The journal entry to record the flow of costs into Department 3 during the period is

a. Work in Process—Department 3	555,000	
Work in Process—Department 2		555,000
b. Work in Process—Department 3	375,000	
Work in Process—Department 2		375,000
c. Work in Process—Department 3	490,000	
Work in Process—Department 2		490,000
d. Work in Process—Department 3	570,000	
Work in Process—Department 2		570,000

22. MC.20-132

Which of the following is **not** a use of the cost of production report?

- a. to help managers control operations
- b. to project production
- c. to help managers isolate problems
- d. to help managers improve operations

23. MC.20-133

Which of the following measures would **not** help managers to control and improve operations?

- a. yield trends
- b. units produced per time period
- c. commissions paid per time period
- d. cost trends of a product

24. MC.20-136

Which of the following best describes the effect on direct labor when management adopts a lean production process?

- a. Workers typically perform one function.
- b. Workers are often cross-trained to perform more than one function.
- c. The environment becomes more labor intensive.
- d. Each employee runs a single machine.

25. MC.20-144

Use this information about Department F to answer the question that follow.

Department F had 4,000 units in Work in Process that were 40% completed at the beginning of the period at a cost of $12,500. Of the $12,500, $8,000 was for materials and $4,500 was for conversion costs. 14,000 units of direct materials were added during the period at a cost of $28,700. 15,000 units were completed during the period, and 3,000 units were 75% completed at the end of the period. All materials are added at the beginning of the process. Direct labor was $32,450, and factory overhead was $18,710.

If the average cost method is used, the conversion cost per equivalent unit (rounded to the nearest cent) would be

- a. $3.71
- b. $2.97
- c. $3.23
- d. $2.84

26. MC.20-141

Use this information about Department E to answer the question that follow.

Department E had 4,000 units in Work in Process that were 40% completed at the beginning of the period at a cost of $12,500. 14,000 units of direct materials were added during the period at a cost of $28,700. 15,000 units were completed during the period, and 3,000 units were 75% completed at the end of the period. All materials are added at the beginning of the process. Direct labor was $32,450, and factory overhead was $18,710.

The number of equivalent units of production for the period for conversion if the average cost method is used to cost inventories was

- a. 18,000
- b. 17,250
- c. 14,850
- d. 15,650

27. MC.20-139

Use this information about the Assembly Department to answer the question that follow.

The debits to Work in Process—Assembly Department for April, together with data concerning production, are as follows:

April 1, work in process:	
Materials cost, 3,000 units	$ 7,500
Conversion costs, 3,000 units, 80% completed	6,000
Materials added during April, 10,000 units	29,000
Conversion costs during April	35,000
Goods finished during April, 11,500 units	—
April 30 work in process, 1,500 units, 60% completed	—

All direct materials are placed in process at the beginning of the process, and the average cost method is used to cost inventories.

The materials cost per equivalent unit (rounded to the nearest cent) for April is

- a. $2.60
- b. $2.81
- c. $2.26
- d. $3.02

28. MC.20-122

Mocha Company manufactures a single product by a continuous process, involving three production departments. The records indicate that direct materials, direct labor, and applied factory overhead for Department 1 were $100,000, $125,000, and $150,000, respectively. The records further indicate that direct materials, direct labor, and applied factory overhead for Department 2 were $55,000, $65,000, and $80,000, respectively. In addition, work in process at the beginning of the period for Department 1 totaled $75,000, and work in process at the end of the period totaled $60,000.

The journal entry to record the flow of costs into Department 1 during the period for direct materials is

a.	Materials	55,000	
	Work in Process—Department 1		55,000
b.	Work in Process—Department 1	100,000	
	Materials		100,000
c.	Materials	100,000	
	Work in Process—Department 1		100,000
d.	Work in Process—Department 1	55,000	
	Materials		55,000

29. MC.20-112

Use this information about Department W to answer the question that follow.

Department W had 2,400 units, one-third completed at the beginning of the period. 16,000 units were transferred to Department X from Department W during the period, and 1,800 units were one-half completed at the end of the period. Assume the completion ratios apply to direct materials and conversion costs.

What is the total number of units to be assigned costs on the cost of production report for Department W?

a. 13,600 units
b. 17,800 units
c. 18,500 units
d. 12,000 units

30. MC.20-119

Use this information about Penny, Inc. to answer the question that follow.

Penny, Inc. employs a process costing system. Direct materials are added at the beginning of the process. Here is information about the July activities:

On July 1:	
Beginning inventories	850 units, 60% complete
Direct materials cost	$5,000
Conversion costs	$4,000
During July:	
Number of units started	15,000
Direct materials added	$155,000
Conversion costs added	$83,520
On July 31:	
Ending inventories	1,600 units, 40% complete

Using the FIFO method, the cost per equivalent unit for materials used during July was

a. $10.33
b. $10.78
c. $9.78
d. $10.65