

Process Costing Problems and Solutions

Problem # 1: The Zee manufacturing company produces a single product which goes through one process only. The manufacturing cycle takes a month. The company started its manufacturing operation on 1st February, 2018 and costs of production for this month were as follows:

Material Rs. 41,412 Labor Rs. 32,054 FOH Rs. 23,870

The production statistics for the month were as follow:

Units completed and transfer to finished goods store Rs. 6,500

Unit in Process on February 31, 2018 was 1,600 (Material 40%, Labor and FOH 20 per cent)

Requirement: Prepare the Cost of Production Report at the end of February, 2018

Solution:

Zee Manufacturing Company
Cost of Production Report (Department I)
For year ended, February 2018

1. Quantity Schedule:	Units	Units
2. Cost Charged To the Department:	Amount	Amount
3. Equivalent Units Produced:	Units	Units

Process Costing Problems and Solutions

4. Cost per Unit:	Units	Units
5. Cost Accounted for as Follows:	Amount	Amount

Problem # 2: The Prince Corporation has two production departments and maintains a process cost system. The following is a summary of the costs for the month of December, 2017:

Departments	Material	Labor	Applied FOH
Department I	70,040	26,535	15,600
Department II	3,538	54,230	26,400
Work in Process Dept. I	20%	50%	2/3
Work in Process Dept. II	4/5	2/4	1/4

Report from production control department shows as follows:

Description	Department I	Department II
Units put in the process	8,000	
Units completed and transfer	6,500	4,500
Units still in process	1,500	2,000

Solution:

Prince Corporation
Cost of Production Report (Department I)
For year ended, December 2017

1. Quantity Schedule:	Units	Units
2. Cost Charged To the Department:	Amount	Amount
3. Equivalent Units Produced:	Units	Units
4. Cost per Unit:	Units	Units
5. Cost Accounted for as Follows:	Amount	Amount

Prince Corporation
Cost of Production Report (Department II)
For year ended, December 2017

1. Quantity Schedule:	Units	Units
2. Cost Charged To the Department:	Amount	Amount
3. Equivalent Units Produced:	Units	Units
4. Cost per Unit:	Units	Units
5. Cost Accounted for as Follows:	Amount	Amount

Problem # 3: Shah Manufacturing Company engaged in a continuous process, manufacturing a single product which is processed in three departments known as Cleaning, Milling and Finishing. There were no inventories at beginning of the March 2018. Following data is available for preparing Cost of Production Report for three departments.

Description	Cleaning	Milling	Finishing
Units put in the process	15,000		
Units completed and transfer	7,000	2,500	1,000
Units still in process	8,000	4,500	1,500
Material	7,138	2,494	806
Labor	8,930	4,180	3,588
FOH	1,770	1,695	400
Material usage (%)	20%	40%	20%
Labor usage (%)	30%	50%	10%
FOH	60%	70%	40%

Solution:

Shah Manufacturing Company
Cost of Production Report (Cleaning Department)
For year ended, March 2018

1. Quantity Schedule:	Units	Units
2. Cost Charged To the Department:	Amount	Amount
3. Equivalent Units Produced:	Units	Units

4. Cost per Unit:	Units	Units
5. Cost Accounted for as Follows:	Amount	Amount

Shah Manufacturing Company
Cost of Production Report (Milling Department)
For year ended, March 2018

1. Quantity Schedule:	Units	Units
2. Cost Charged To the Department:	Amount	Amount
3. Equivalent Units Produced:	Units	Units

Process Costing Problems and Solutions

4. Cost per Unit:	Units	Units
5. Cost Accounted for as Follows:	Amount	Amount

Shah Manufacturing Company
Cost of Production Report (Finishing Department)
For year ended, March 2018

1. Quantity Schedule:	Units	Units
2. Cost Charged To the Department:	Amount	Amount
3. Equivalent Units Produced:	Units	Units

4. Cost per Unit:	Units	Units
5. Cost Accounted for as Follows:	Amount	Amount

Problem # 4: Tazeen Ltd. is manufacturing a single product which is being processed in three departments called as Molding, Painting and Finishing. There were no inventories at beginning of the March 2018. Following data is available for preparing Cost of Production Report for three departments.

Description	Molding	Painting	Finishing
Units put in the process	3,000		
Units completed and transfer	1,500	1,000	500
Units still in process	1,500	500	500
Material	5,994	4,002	-0-
Labor	8,004	-0-	4,526
FOH	1,050	7,008	6,503
Material usage (%)	35%	30%	0%
Labor usage (%)	45%	0%	55%
FOH	25%	40%	40%

Solution:

Tazeen Ltd.
Cost of Production Report (Molding Department)
For year ended, March 2018

1. Quantity Schedule:	Units	Units
2. Cost Charged To the Department:	Amount	Amount
3. Equivalent Units Produced:	Units	Units
4. Cost per Unit:	Units	Units
5. Cost Accounted for as Follows:	Amount	Amount

Tazeen Ltd.
Cost of Production Report (Painting Department)
For year ended, March 2018

1. Quantity Schedule:	Units	Units
2. Cost Charged To the Department:	Amount	Amount
3. Equivalent Units Produced:	Units	Units
4. Cost per Unit:	Units	Units
5. Cost Accounted for as Follows:	Amount	Amount

Tazeen Ltd.
Cost of Production Report (Finishing Department)
 For year ended, March 2018

1. Quantity Schedule:	Units	Units
2. Cost Charged To the Department:	Amount	Amount
3. Equivalent Units Produced:	Units	Units
4. Cost per Unit:	Units	Units
5. Cost Accounted for as Follows:	Amount	Amount