

Student Name: Chengyang ZhouDate: 3/4**Exercise E4-11 (Second production department)**

Scribners Corp. produces fine papers in three production departments- Pulping, Drying, and Finishing. The company uses the weighted-average method in its process costing system. Data for March for the Drying Department follow:

	Units	Percent Completed	
		Pulping	Conversion
Work-in-process inventory, March 1	5,000	100%	20%
Work-in-process inventory, March 31	8,000	100%	25%
Pulping cost in WIP inventory, March 1		\$4,800	
Conversion cost in WIP inventory, March 1		\$500	
Units transferred out to next department		157,000	
Pulping cost added during March		\$102,450	
Conversion cost added during March		\$31,300	

No materials are added in the Drying Department. **Pulping costs represent the costs transferred in from Pulping Department (i.e., transferred-in cost).**

**Required:**

1. Compute the costs per equivalent unit for March for pulping and conversion of Drying Dept.

Equivalent units of production

	<i>Pulping</i>	<i>Conversion</i>
Units transferred to next department.....	157,000	157,000
Ending work in process:		
Pulping: 8,000 units x 100% complete.....	<u>8,000</u>	
Conversion: 8,000 units x 25% complete.....		<u>2,000</u>
Equivalent units of production.....	<u>165,000</u>	<u>159,000</u>

Cost per equivalent unit

	<i>Pulping</i>	<i>Conversion</i>
Cost of beginning work in process.....	\$ 4,800	\$ 500
Cost added during the period.....	<u>102,450</u>	<u>31,300</u>
Total cost (a).....	\$107,250	\$31,800
Equivalent units of production (b).....	165,000	159,000
Cost per equivalent unit, (a) ÷ (b).....	\$0.65	\$0.20

2. Compute the costs of ending inventory on March 31 for Drying Dept.

$$\$0.65 * 8,000 + \$0.2 * 2,000 = \$5,600$$