Which methods can be used to allocate service department costs to other departments? (Check all that apply.)

- Direct
- Step-down
- Reciprocal

Your answer is correct.
Process costing assigns costs to units by each **department** that they pass through. *(Enter only one word per blank.)*

*Your answer is correct.*
When using the FIFO method, both beginning and ending inventories are converted to an equivalent units basis.

Your answer is correct.
What costing system is *most likely* to be used when raw materials are converted into homogeneous products?

- Quality
- Process
- Job-order
- Variable

*Your answer is correct.*
Which of the following statements are true? (Check all that apply.)

- Process costing should be used when a single product is produced on a continuous basis.
- Process costing accumulates costs by department, whereas job-order costing accumulates costs by job.

You have selected the correct answers.
Organize the following accounts in the order in which costs flow from one to the other in a process costing system.

1. Raw materials
2. Work in process
3. Finished goods
4. Cost of goods sold

Your answer is correct.
What are conversion costs?

- Direct labor plus raw material cost
- Raw material, direct labor, and manufacturing overhead cost
- Raw material plus manufacturing overhead cost
- Direct labor plus manufacturing overhead cost

Your answer is correct.
The correct answer is shown.

The journal entry to record material cost in the first department would include a **debit** to Work in Process-Department #1.

✓ Your answer is correct.
What are the different ways to compute the equivalent units of production? (Check all that apply.)

- Weighted-average method
- Direct method
- FIFO method
- Reciprocal method

Your answer is correct.
The correct answer is shown.

The correct journal entry to record labor cost in the first department would be to credit Wages payable and debit Work in process-Department #1.

✔ Your answer is correct.
What is the journal entry to record the transfer of completed units to the finished goods warehouse?

- Debit Finished goods and credit Work in process.
- Debit Cost of goods sold and credit Work in process.
- Debit Work in process and credit Cost of goods sold.
- Debit Finished goods and credit Cost of goods sold.

Your answer is correct.
What are equivalent units of production under the weighted-average method?

- Units transferred out
- **Equivalent units in ending work in process plus units transferred out**
- Equivalent units in ending work in process
- Units transferred out minus equivalent units in ending work in process

Your answer is correct.
When using process costing each processing department has a separate work in process account.
Partially completed units are translated into an equivalent number of fully completed units when determining a department's output. (Enter only one word per blank.)

Your answer is correct.
What is the journal entry to record the transfer of partially completed products from processing Department #1 to processing Department #2?

Your answer is correct.

Debit Work in process and credit Finished goods.

Debit Work in process-Department #2 and credit Finished goods.

Debit Work in process-Department #2 and credit Work in process-Department #1.

Debit Work in process-Department #1 and credit Work in process-Department #2.
The correct answer is shown.

The correct journal entry to apply manufacturing costs to processing Department #1 would be to **credit** Manufacturing overhead and **debit** Work in process - Department #1.

✅ Your answer is correct.
Using the weighted-average method, what is the total equivalent units of production if there are 150 units transferred to finished goods and 215 units that are 60% complete in ending work in process inventory?

Your answer is correct.

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Using the FIFO method, what is the cost per equivalent unit if cost added in a period is $6,000 and there are 75 equivalent units of production?

Your answer is correct.

$80
$450,000
$0.0125
$6,000
The correct answer is shown.

To record the sale of goods, there should be a **credit** to Finished Goods and a **debit** to Cost of Goods Sold.

✅ Your answer is correct.
In what ways is FIFO different from the weighted-average method in process costing? (Check all that apply.)

- The way in which costs of ending inventory are treated
- Computation of equivalent units
- The way in which costs of beginning inventory are treated
- Computation of completed units

Your answer is correct.
The correct answer is shown.

There are 170 equivalent units in work in process when work in process contains 500 units that are 34% completed. *(Enter your answer as a whole number - i.e. 87.)*

Your answer is correct.
To calculate cost per equivalent unit using the weighted-average method, add the cost of ______ work in process inventory and costs added during the period and divide by equivalent units of production.

Your answer is correct.

ending

beginning
Which of the following are similarities between job-order costing and process costing? (Check all that apply.)

Your answer is correct.

- The same basic manufacturing accounts are used for both costing systems.
- The purpose is to assign raw materials, labor and manufacturing overhead to products.
- The flow of costs through the manufacturing accounts is basically the same for both costing systems.

Departmental overhead rates are calculated using the same allocation bases in both costing systems.
Which of the following are examples of a service department? (Check all that apply.)

- Human resources
- Internal auditing
- Cafeteria
- Marketing & advertising

Your answer is correct.
The correct answer is shown.

The step-down method begins allocating cost with the department that provides the greatest amount of service to other service departments.

✓ Your answer is correct.
The _____ method of allocating service department costs ignores services provided by one service department to other service departments.

✅ Your answer is correct.

- reciprocal
- step-down
- direct

Challenge OK
What type of products are best produced in job-order costing?

- Specialized products with no unique production requirements
- Similar products with no unique production requirements
- Many different products with unique production requirements
- Similar products with unique production requirements

Your answer is correct.
If cost per equivalent unit is $10 for materials and $20 for conversion, and 300 units have been completed, what is the cost assigned to these units?

Your answer is correct.

- $3,000
- $9,000
- $6,000
- $9,300

Challenge
Both process costing and job-order costing assign which of the following costs to products? (Check all that apply.)

- Materials
- Labor
- Manufacturing overhead

Your answer is correct.
Which of the following statements are true? (Check all that apply.)

- In both process and job-order costing, predetermined overhead rates are usually used for manufacturing overhead.
- Both process and job-order costing have only one Work in process account.
- Journal entries to record materials into production are similar in job-order and process costing.
- Labor-cost journal entries record costs to individual jobs when using process costing.

Your answer is correct.
The correct answer is shown.

The central purposes of an organization are carried out in the operating department.
The weighted-average method includes costs for:

- future periods
- prior periods
- current and future periods
- prior and current periods

Your answer is correct.
The correct answer is shown.

The weighted-average method combines units and costs from both prior and current periods, while the FIFO method includes equivalent units and unit costs for work done during the current period.

✅ Your answer is correct.
Which of the following are characteristics of operation costing? (Check all that apply.)

- Products are processed in batches.
- Costs are accumulated by individual unit.
- Products are homogeneous.
- Costs are accumulated by department.

Your answer is correct.
The reciprocal, step-down method allocates service department costs to each other forward and backward, while the direct, step-down method only allocates service department costs to each other forward.
A(n) processing department is where work is performed on products, and materials, labor, and overhead costs are added to products. (Enter only one word per blank.)

Your answer is correct.
Which methods ignore the amount of the allocation base attributable to the service department whose cost is being allocated? (Check all that apply.)

- Reciprocal method
- Service method
- Direct method
- Step-down method

Your answer is correct.
Once production is completed in the processing departments, to what account are the production costs transferred?

- Finished goods
- Work in process
- Manufacturing overhead
- Cost of goods sold

Your answer is correct.
The correct answer is shown.

Services provided between service departments are known as **interdepartmental services**.

✓ Your answer is correct.
Which of the following is included in computing equivalent units under the FIFO method, but not under the weighted-average method?

- Partially completed units transferred out
- Equivalent units in ending work in process
- Equivalent units to complete beginning work in process

Your answer is correct.

Equivalent units to complete beginning work in process
In a processing department, all units of output are **homogeneous**.
Which method calculates cost per equivalent unit using only costs incurred by the processing department in the current period?

Your answer is correct.

- Cost
- FIFO
- Weighted-average
- LIFO
Which of the following can be added in any processing department when using process costing?

- Only overhead
- Only materials and overhead
- Materials, labor and overhead
- Only labor

Your answer is correct.
What is the equivalent units of production using the FIFO method if 800 units were transferred out, ending work in process contained 400 equivalent units, and beginning work in process inventory contained 500 equivalent units?

1,700  
900  
100  
700

Your answer is correct.
The correct answer is shown.
The reciprocal method gives recognition to the interdepartmental services.
The correct answer is shown.

Job - Order costing and Process costing are the two most commonly used methods for determining unit product costs.

✅ Your answer is correct.
When computing the equivalent units of production under the weighted-average method, partially completed inventory is ignored.

Your answer is correct.

- ending work in process
- beginning work in process
- ending finished goods
- beginning finished goods
The correct answer is shown.

One of the components of transferred out units using FIFO is the cost of units begun and completed during the period.

✔ Your answer is almost correct.

You wrote ✔began instead of ✔begun.
When comparing the FIFO method of computing equivalent units to the weighted-average method:

- Your answer is correct.

Both methods separate costs and work of prior periods from the current period. FIFO blends together work and costs from prior periods with the current period whereas the weighted average method separates the two periods.

The correct answer is:

- The weighted-average method blends together work and costs from prior periods with the current period whereas FIFO separates the two periods.
The correct answer is shown.

Costs transferred in are treated as another category of cost, just like materials or conversion costs.

✔ Your answer is correct.
The correct answer is shown.

The activity in the processing department is performed uniformly on all of the units passing through it. (Enter only one word per blank.)

You answer is correct.
From a cost control perspective, which method would be the best option for process costing?

- LIFO
- Job-order
- Weighted-average
- FIFO

Your answer is correct.
In the weighted-average method, **costs to be accounted for** include *beginning* work in process inventory, while costs accounted for include *ending* work in process inventory. *(Enter only one word per blank.)*
True or false: A cost reconciliation report using the weighted-average method reports the same information as a cost reconciliation report using FIFO.

Your answer is correct.

True
What amount of hospital administration costs will be allocated to the Patient Care Department if the step-down method is used?

$135,000  
$225,000  
$200,000

Costs allocated = $360,000 × (30,000/54,000) = $200,000
What amount of custodial costs will be allocated to the Laboratory Department if the direct method is used?

$117,000

$9,000

$81,000

$13,000

Your answer is correct.