**Week 6 Folders – Job Costing, Process Costing, and Operations Costing**

Weekly Schedule

This week is an exam week. Please pay close attention to the schedule. Remember all assignments are due by 10:00 pm.

1) Read Lecture

2) DB 6 **Due: Wed**

3) Collaborate online session

4) Assign #10 **Due: Thur**

5) Assign #11 **Due: Sat**

6) Exam 3 **Due: Sun**

General information about the exam and the actual exam will be posted in the current week’s folder on Friday at 6:00 am.

**Lecture /Reading**

Read pages 66- 73

Read Chapter #4 Process Costing

As we discussed last week there are very few difference between Job-Order costing and Process Costing. These costing methods have the same purpose, same basic accounts, and the same basic flow of cost. The main difference is cost are compiled per department rather than by job. In a Process Costing system the production is continuous, the products are uniform, and the products go through distinct areas/departments.

The process of accumulating cost is similar to a Job-Order Costing system but the costs are accumulated in processing department instead by job using a Production Report. A product may have two or twenty processing departments; each of which has it’s own Work In Process account. Each department also had it’s own overhead account and uses a cost driver to allocate the estimated overhead to each department. This overhead will be carried with the product in WIP as it moves through the plant. Under and over applied overhead is also calculated with Process Costing.

The biggest issue with Process Costing is that products are always in process. When each department prepares to account for the cost per unit they have partially complete units that need to share a portion of the cost. This requires these units to be converted to equivalent units (# of partially complete x % complete.) Please keep in mind you must also add in the number of units transferred in to calculate a total equivalent units of production for a given department. The last step is to calculate cost per equivalent unit. Cost of beginning WIP + Cost Added during the period / Equivalent units of production.

The last two steps involve applying the actual cost and the cost reconciliation to make sure everything balances out. When we meet this week I will go over a Review Problem so you can see the entire process step by step.

In the meantime here are a few resources to help you get started.

Written / examples etc: (may integrate rather than link w/ permission)

<http://denniscaplan.fatcow.com/Chapter14.htm>

Video’s

Susan Crosson - Process Costing-1 Cost Flows

<http://www.youtube.com/watch?v=sP_CR8zR8f8>

Susan Crosson - Process Costing-2

http://www.youtube.com/watch?v=xQbGMacqJVM

Susan Crosson - Process Costing-3 Problem 2 Facts

http://www.youtube.com/watch?v=mJjZrhbzh7k

SKIP video’s 4 -6 We do not cover FIFO

Susan Crosson - Process Costing- 7 P2 Average 1&2

http://www.youtube.com/watch?v=zsD1tjuUvN0

Susan Crosson - Process Costing- 8 P2 Average 3&4

http://www.youtube.com/watch?v=IWbP1uLA2cc

Susan Crosson - Process Costing- 9 P2 Average 5 & Recap

<http://www.youtube.com/watch?v=Td3CHqQw7xs>

**Homework and Discussion Forum**

**Make sure you scroll to the bottom and read all the information.**

1) **DB 6**

*You only have ONE graded discussion this week so it is worth the total 16 points.*

You must have a MINIMUM of three posts. I expect a mix or original post and response post.

**Topic:** Find a company that uses process costing. Discuss how it’s used in practice. If you use material from on outside source make sure to put it into your OWN words and sight your source.

And Discuss the differences between job costing, process costing, and operation costing

I have posted some conversation starters for you.

3) Assign #10 - CengageNow

4) Assign #11 – CengageNow

**Exam 3 Facts:**

Exam 1 Description

This exam will continue questions from Chapters 1 & 2.

Exam Facts:

The exam is a two part exam. Due Sunday by 10PM Don’t wait until the last minute to take the exam.

Part I: CengageNow

35 Multiple Choice

75 minutes

Part II: Angel

Need lockdown browser

SHOW ALL CALCUATIONS

4 Problems

90 minutes

**Exam 3: Please see the assessments for sample questions.**



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