

## Process Costing: FIFO Costing Method

**P6.** Canned fruits and vegetables are the main products made by Yummy Foods, Inc. All direct materials are added at the beginning of the Mixing Department's process. When the ingredients have been mixed, they go to the Cooking Department. There the mixture is heated to 100° Celsius and simmered for 20 minutes. When cooled, the mixture goes to the Canning Department for final processing. Throughout the operations, direct labor and overhead costs are incurred uniformly. No direct materials are added in the Cooking Department. Cost data and other information for the Mixing Department for January are as follows.

<b>Production Cost Data</b>	<b>Direct Materials</b>	<b>Conversion Costs</b>
Mixing Department:		
Beginning inventory	\$ 28,560	\$ 5,230
Current period costs	450,000	181,200
Work in process inventory:		
Beginning inventory (40% complete in prior period)	5,000 liters	
Ending inventory (60% complete)	6,000 liters	
Unit production data:		
Units started during January	90,000 liters	
Units transferred out during January	89,000 liters	

Assume that no spoilage or evaporation loss took place during January.

### REQUIRED

- Using the FIFO costing method, prepare a process cost report for the Mixing Department for January.
- ACCOUNTING CONNECTION** ► Explain how the analysis for the Cooking Department will differ from the analysis for the Mixing Department.