

**Tom's Tomato Cannery**  
**Process costing with two departments and two fiscal periods<sup>1</sup>**

Tomato Cannery buys fresh tomatoes from truck farmers and processes the fruit into a variety of products, such as juice and spaghetti sauce. The focus of this problem is the production of tomato juice.

All tomatoes go through the preparation department, in which they are sorted, washed, peeled and crushed. Tomatoes destined to become juice are then sent to the bottling department where the seeds and peels are removed, the tomatoes are crushed and the juice is extracted and poured into half-gallon bottles. Tomatoes are the only direct material in the preparation department. No additional materials are added in the bottling department; the bottles are treated as overhead. Operating data for two months are as follows:

	Preparation Department	Bottling Department
September	There is no initial work in process. During the month, 800 pounds of tomatoes were put into process at a cost of \$800. Conversion costs incurred during August were \$2,800. Six hundred pounds of product were finished and transferred to Juicing. Work in process on August 31 was one-half finished.	There was no work in process on August 31. The work transferred from Preparation was received and conversion costs of \$2,000 were incurred to complete 300 pounds of product. At the end of the month, 300 pounds remained in process; these were one-third complete.
October	Six hundred pounds of tomatoes were put into production at a total cost of \$600. Conversion costs incurred were \$2,550. At the end of the month, there were 300 pounds still in the process, two-thirds finished.	Conversion costs charged to this process for the month were \$2,640. At the end of the month, there were 300 pounds still in process, 60% finished.

Assume that there is no rework, scrap, spoilage, shrinkage or accretion of units in either department.

Required:

1. Prepare a report of the cost of production and ending inventory in the preparation department for September.
2. Prepare a report of the cost of production and ending inventory in the bottling department for September.
3. Prepare a report of the cost of production and ending inventory in both departments for October.

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