

ELUCIDATE PROCESS COSTING WITH STREAMLINED NUMBERS

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A B S T R A C T

Process Costing is one of the most detailed, interwoven topics in cost accounting. Students usually have prior exposure to job order costing in principles of accounting, but this is usually not the case with process costing. Suddenly, the very handy job-order cost sheets which easily determine the costs transferred from one department to another in job order costing are no longer available. In process costing, students find there is a detailed sequence of events involved with determining how much left the work-in-process department and how much is still in ending inventory. Students also see that there are both FIFO and weighted-average costing techniques that can be used. When teaching the process costing sequence of events, one procedure is to first go through the problem presented in the chapter (perhaps with a handout for students to use to help track the products through the process costing production process). After this, working an independent non-textbook problem will allow the sequence to be revisited to clarify the procedures and to see if questions are forthcoming from the students. The problem used for the re-visitation should have one goal: clarifying the steps involved in the process costing sequence. Numbers can often be far too cumbersome, which can serve to distract students rather than add to the learning process. Numbers for a problem designed to showcase a new topic should be unique to one item in the problem and easy to manage. This can help students stay focused on the concepts being studied in the problem. In this paper, a problem is presented which focuses on process costing and was well received by the students – and was found to be less confusing than the textbook presentation since the purposely designed and uniquely assigned numbers mapped a clearer pathway through the problem.