

## **How would process costing work for gummy bears to be produced at the new US Haribo manufacturing plant?**

Haribo has manufactured gummy bears, since 1920. Those bears are currently made in 16 plants around the world. Starting in 2020, those gummy bears will also be made in the US when Haribo opens a new plant in Wisconsin.

Worldwide, about 100 million gummy bears are made by Haribo per day. The ingredients in gummy bears are sugar, glucose syrup, starch, flavoring, food coloring, citric acid, and gelatin.

Gummy bears are made in a special machine called a starch mogul. A flat gummy bear mold tray is filled with powered starch. (The flat tray is why gummy bears are flat on the backside.) A hot, liquid gummy bear mixture is poured into the tray. The tray is cooled overnight and then the gummy bears are removed and the process starts over with the now emptied tray with more of the gummy bear mixture. Gummy bears are package by machine into a variety of package sizes.

The Haribo gummy bears come in five colors including red (raspberry), green (strawberry), colorless (pineapple), orange (orange), and yellow (lemon.)

### **Questions**

1. What direct materials are used in the production of gummy bears?
2. What direct labor costs are likely to be incurred in the production of gummy bears?
3. Give several examples of manufacturing overhead costs that are likely to be incurred by Haribo in the production of its gummy bears at the US plant.
4. From the production process description provided, at what point do you think most of the direct materials are added to the process when manufacturing gummy bears?
5. At the end of the month, approximately what percentage complete will those gummy bears be with respect to direct materials?