

4-31 FIFO

Beg Inv + Units Started = Units transferred + End. Inv  
units:

8,000u

97,000u

100,000u

5,000u

Costs:

M = \$3,400  
C = 10,200  
T = 8,820  
\$22,420

M = \$27,600  
C = 96,900  
T = 81,480  
\$205,980

Cost:

222,160

M = \$  
C = 2/5  
T = 100%  
Costs: 6,240

M = 100%  
C = 7/8  
T = 100%

\$228,400

228,400

① Cal EU of production = Units transf. + EU in endwip - EU in beg. wip

$$M = 100K + (5K \times 0) - (8K \times 100\%) = 92,000$$

$$C = 100K + (5K \times 2/5) - (8K \times 7/8) = 95,000$$

$$T = 100K + (5K \times 100\%) - (8K \times 100\%) = 97,000$$

② Cal Cost/EU:

$$M = 27,600 / 92,000 = \$0.3/\text{EU}$$

$$C = 96,900 / 95,000 = \$1.02/\text{EU}$$

$$T = 81,480 / 97,000 = \$0.84/\text{EU}$$

\$2.16/EU

③ Cal Cost of End. WIP:

$$M = 5,000 \times 0\% \times 0.3 = 0$$

$$C = 5,000 \times 2/5 \times 1.02 = \$2,040$$

$$T = 5,000 \times 100\% \times 0.84 = \$4,200$$

total cost of end wip = \$6,240

④ Cal Cost of Units transferred:

Cost of Beg WIP

Mat 3,400

Conv 10,200

Transf 8,820

Total 22,420

Costs to complete beg WIP

Mat (8,000u x 0%) x .3

0

Conv (8,000u x (1 - 7/8)) x 1.02

1,020

1,020

Trans. (8,000u x 0% x .84)

0

Cost of units started & comp. (100K - 8K) = 92K x 2.16

198,720

Total Cost of units transferred

222,160