

Given:

Beginning Work in Process Inventory:	400 units		
Materials: 40% complete	\$	6,119	
Conversion: 20% complete	\$	3,920	
Production started during June	6,000 units		
Production completed during June	5,400 units		
Costs added to production in June			
Materials cost	\$	118,621	
Conversion cost	\$	81,130	
Ending Work in Process Inventory:	900 units		
Materials: 60% complete			
Conversion: 30% complete			

Total Costs to be Accounted for.

Compute the Equivalent Units of Production:

	Materials	Conversion
Units completed and transferred out of the Department in June	5,400	5,400
Work in process, June 30:		
900 units × 60%	540	
900 units × 30%		270
Equivalent units of Production in the Department during June	5,940	5,670

Compute the Cost per Equivalent Unit:

	Total Cost	Materials	Conversion
Cost to be accounted for:			
Work in process, June 1	\$ 10,039	\$ 6,119	\$ 3,920
Cost added in Assembly	199,751	118,621	81,130
Total cost	\$ 209,790	\$ 124,740	\$ 85,050
Equivalent units		5,940	5,670
Cost per equivalent unit		\$ 21.00	\$ 15.00

Total Costs to be Accounted for.

Total Cost per Equivalent Unit is equal to Materials cost plus Conversion cost.

In this case, \$21.00 + \$15.00 = \$36.00 per Equivalent Unit.

Compute the Cost of Ending WIP and Units Transferred Out:

Assembly Department Cost of Ending WIP Inventory and Units Transferred Out			
	Materials	Conversion	Total
Ending WIP inventory:			
Equivalent units	540	270	
Cost per equivalent unit	\$ 21.00	\$ 15.00	
Cost of Ending WIP inventory	\$ 11,340	\$ 4,050	\$ 15,390
Units completed and transferred out:			
Units transferred	5,400	5,400	
Cost per equivalent unit	\$ 21.00	\$ 15.00	
Cost of units transferred out	\$ 113,400	\$ 81,000	\$ 194,400

Prepare the Cost Reconciliation Report:

Assembly Department Cost Reconciliation		
Costs to be accounted for:		
Cost of beginning Work in Process Inventory	\$	10,039
Costs added to production during the period		199,751
Total cost to be accounted for	\$	209,790
Cost accounted for as follows:		
Cost of ending Work in Process Inventory	\$	15,390
Cost of units transferred out		194,400
Total cost accounted for	\$	209,790

These two totals must equal.