

What is Equivalent Units Calculation?

Worksheet

Under the weighted-average method, equivalent units equal the units completed and transferred out plus the ending work-in-process units multiplied by their percentage of completion.

Questions

1. Equivalent units are used to...

- A) Count physical units only
- B) Convert partially finished units into fully completed equivalents
- C) Replace job order costing entirely
- D) Calculate sales revenue

2. Completed units = 10,000; ending WIP = 4,000 units at 25% complete. Equivalent units?

- A) 10,000
- B) 11,000
- C) 14,000
- D) 4,000

3. If ending WIP is 0 units, equivalent units equal...

- A) Zero
- B) Units completed and transferred out
- C) Beginning WIP only
- D) Cannot be determined

4. Under the weighted-average method, beginning WIP is...

- A) Excluded from a separate add-on term in the equivalent units formula
- B) Always subtracted
- C) Multiplied by 200%
- D) Ignored only if 100% complete

5. A department completes and transfers out 8,000 units. Ending WIP is 2,000 units, 50% complete. Find equivalent units.

6. 12,000 units are completed and transferred out. Ending WIP of 3,000 units is 25% complete. Find equivalent units.

7. A department finishes 5,000 units with no ending WIP this period. What are the equivalent units?

8. Define: What are equivalent units?

9. Define: Why are equivalent units needed?

10. Define: What is the weighted-average equivalent units formula?

Answer Key

1. B) Convert partially finished units into fully completed equivalents - They express partial work as an equivalent number of complete units.
2. B) $11,000 - 10,000 + (4,000 \cdot 0.25) = 11,000$.
3. B) Units completed and transferred out - With no ending WIP, EU = completed units only.
4. A) Excluded from a separate add-on term in the equivalent units formula - Weighted-average blends beginning WIP work with current period work, so it isn't separately added in this formula.
5. EU = Completed + (Ending WIP % Complete) EU = $8,000 + (2,000 \cdot 0.50)$ EU = $8,000 + 1,000 = 9,000$ equivalent units
6. EU = $12,000 + (3,000 \cdot 0.25)$ EU = $12,000 + 750 = 12,750$ equivalent units
7. EU = Completed + (Ending WIP % Complete) EU = $5,000 + (0 \cdot 0\%)$ EU = 5,000 equivalent units
8. A measure that converts partially completed units into the equivalent number of fully completed units.
9. Because ending work-in-process is only partly finished, so it can't be counted as a full unit for costing.
10. EU = Units completed and transferred out + (Ending WIP units % complete).

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