**Chapter 16 Alternate Demo Problem**

**The Malbim Company uses a process costing system. Materials are added at the beginning of the process. On July 1 there are 400 units in the beginning inventory that are 100% complete as to materials. With regard to labor and overhead, however, the units in beginning inventory (July 1) are only 75% complete.**

**During July, 10,000 units were started in production; of these, 7,000 were completed and transferred to the next department. On July 31, the remaining 3,000 units were 20% complete with regard to labor and overhead.**

***Required:***

**Using the Weighted Average method, calculate the equivalent units of**

**Direct Materials**

**Direct Labor and Factory Overhead**

**Using the FIFO method, calculate the equivalent units of**

**Direct Materials**

**Direct Labor and Factory Overhead**

Chapter 16 Solution: Alternate Demo Problem  
Weighted-average Method

|  |  |  |
| --- | --- | --- |
|  | Direct Materials | Direct Labor and Factory Overhead |
| **Units completed this period\*** | **7,400** | **7,400** |
| **Equivalent units in ending inventory** |  |  |
| **3,000 units x 100%** | **3,000** |  |
| **3,000 units x 20%** | **\_\_\_\_\_** | **600** |
| **Total equivalent units** | **10,400** | **8,800** |

**\*Beginning inventory units of 400 + units started and completed 7,000**

Chapter 20 Solution: Alternate Demo Problem  
FIFO Method

|  |  |  |
| --- | --- | --- |
|  | Direct Materials | Direct Labor and Factory Overhead |
| **Equivalent units needed to complete beginning inventory:** |  |  |
| **400 units x 0%\*** | **0** |  |
| **400 units x 25%** |  | **100** |
| **Units started and completed** | **7,000** | **7,000** |
| **Equivalent units in ending inventory** |  |  |
| **3,000 units x 100%** | **3,000** |  |
| **3,000 units x 20%** | **\_\_\_\_\_** | **600** |
| **Total equivalent units** | **10,000** | **7,700** |

**\*Beginning inventory units had 100% of the materials at the beginning of the period. Therefore, no additional materials are used to complete the units in beginning inventory this period.**