Process Costing & Equivalent Units (EUP) Cheat Sheet

Weighted-Average vs. FIFO Equivalent Units, 4-Step Cost Schedule & Departmental Transfers

1. EQUIVALENT UNITS FORMULAS: WEIGHTED-AVERAGE VS. FIFO

Costing Method	Equivalent Units (EUP) Formula	Cost Per Equivalent Unit Formula
Weighted-Average Method	**Units Completed & Transferred Out + (Ending WIP Units × % Complete)**	**(Cost of Beg WIP + Current Costs Added) / Total Weighted-Average EUP**
FIFO Method	**(Beg WIP × % Needed to Complete) + Units Started & Completed + (Ending WIP × % Complete)**	**Current Period Costs Added ONLY / Total FIFO EUP**

2. THE 4-STEP PRODUCTION COST REPORT

Step	Key Computation
Step 1: Physical Flow of Units	Beginning WIP + Units Started = Units Completed & Transferred Out + Ending WIP
Step 2: Compute EUP	Calculate separately for Direct Materials (DM) and Conversion Costs (DL + MOH).
Step 3: Compute Cost per EUP	Divide total allocable costs by Step 2 equivalent units.
Step 4: Cost Reconciliation	Assign costs to (a) Transferred Out goods and (b) Ending WIP Inventory.

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