

COGM - Example

Consider the following information for Generic Company. for the fiscal year ended November 30th.

Work-in-Process inventory, Nov. 30	\$8,000
Work-in-Process inventory, Dec. 1	26,000
Depreciation expense- Administrative office	29,000
Depreciation expense-Plant and equipment	84,000
Direct labor -- wages	490,000

Direct materials inventory, Nov. 30	23,000
Direct materials inventory, Dec. 1	20,000
Direct materials purchases	161,000

Finished goods inventory, Nov. 30	40,000
Finished goods inventory, Dec. 1	12,000
Heat, light, & power--Plant	47,000
Indirect labor - Plant	23,000
Property taxes--Plant	37,000
Sales representatives' salaries	19,000
Sales revenue	1,607,000
Factory Supervisors salary	68,000
Supplies-- Administrative office	17,000
Supplies--Plant	30,000
Interest Expense	15,000
Income Tax Expense	180,000

Required: Prepare a Statement of Cost of Goods Manufacturer and a Multi-Step Income Statement for the fiscal year ended November 30.

Job Costing - Example

Generic Company employs a job order cost accounting system and keeps perpetual inventory records. The following transactions occurred in the first in the first month of operations:

1. Direct materials requisitioned during the month:

Job 56	\$15,000
Job 57	7,000
Job 58	<u>13,000</u>
	<u>\$35,000</u>

2. Direct labour incurred and charged to jobs during the month was:

Job 56	\$21,000
Job 57	19,000
Job 58	<u>10,000</u>
	<u>\$50,000</u>

3. Manufacturing overhead was applied to jobs worked on using a predetermined overhead rate based on 75% of direct labour costs

4. Actual manufacturing overhead costs incurred during the month amounted to \$41,000

5. Job 56 consisting of 2,000 units and Job 58 consisting of 400 units were completed during the month. Job 58 was shipped to the customer.

Required:

a. Calculate the total Manufacturing Cost for Jobs 56, 57 & 58

b. Answer the following:

i. How much manufacturing overhead was applied Job 58 during the month?

ii. Calculate the unit costs of Jobs 56 and 58

iii. What is the balance in Work in Process Inventory at the end of the month?

iv. Determine if manufacturing overhead was under or over applied during the month. By how much?