

**Day F06 (Principles of Accounting):**

**Chapter # 19**

**1. (LO 2)** Fredricks Company reports the following costs and expenses in May.

Factory utilities	\$ 15,600	Direct labor	\$89,100
Depreciation on factory equipment	12,650	Sales salaries	46,400
Depreciation on delivery trucks	8,800	Property taxes on factory building	2,500
Indirect factory labor	48,900	Repairs to office equipment	2,300
Indirect materials	80,800	Factory repairs	2,000
Direct materials used	137,600	Advertising	18,000
Factory manager's salary	13,000	Office supplies used	5,640

**Instructions**

From the information, determine the total amount of:

- Manufacturing overhead.
- Product costs.
- Period costs.

$$\text{Manufacturing Overhead} = 15,600 + 12,650 + 48,900 + 80,800 + 13,000 + 2,500 + 2,000 \\ = \$175,450$$

$$\text{Product Cost} = DM + DL + MOH = 137,600 + 89,100 + 175,450 = \$402,150$$

$$\text{Period Cost} = 8,800 + 46,400 + 2,300 + 18,000 + 5,640 = \$81,140$$

**2. (LO 3)** Tommi Corporation incurred the following costs while manufacturing its product.

Materials used in production	\$120,000	Advertising expense	\$45,000
Depreciation on plant	60,000	Property taxes on plant	19,000
Property taxes on store	7,500	Delivery expense	21,000
Labor costs of assembly-line workers	110,000	Sales commissions	35,000
Factory supplies used	25,000	Salaries paid to sales clerks	50,000

Work-in-process inventory was \$10,000 at January 1 and \$14,000 at December 31. Finished goods inventory was \$60,500 at January 1 and \$50,600 at December 31. (Assume all materials were direct.)

**Instructions**

- Compute cost of goods manufactured.
- Compute cost of goods sold.

**a. COGM:**

WIP (January 1)	\$10,000	
Direct Materials	120,000	
Direct Labor	110,000	
MOH:		
Factory Supplies used: \$25,000		
Depreciation on Plant: 60,000		
Property taxes on Plant: 19,000		
Total MOH	104,000	
Total Manufacturing Cost	\$344,000	
WIP (December)	14,000	
<b>COGM:</b>	<b>\$330,000</b>	

**b. COGS:**

Finished Goods (Jan 1)	\$60,500
COGM	330,000
Cost of goods available for sale	390,500
Finished Goods (Dec 31)	50,600
<b>COGS:</b>	<b>\$339,900</b>