KEY LEARNING OBJECTIVES - CHAPTER 4

Job-Order Costing

After studying and discussing the material in this chapter, the student should develop some insights and understanding of the following issues:

1. The basic purpose of costing systems and concepts.

2. The differences between job-order costing and process costing and identify the types of firms which would use each method.

3. The underlying flow of manufacturing costs through T-accounts

4. The need to assign or “attach” direct material, direct labor and manufacturing overhead to the cost of a job.

5. The nature of the three manufacturing inventory accounts and the manufacturing overhead control account in a factory environment.

6. The development of the costs of a job and how the determined cost of a job can be used to calculate product costs per unit.

7. The basic source documents that support the job-order costing system.

8. The need to develop manufacturing overhead rates in order to “attach” overhead to jobs and products.

9. The differences between an actual cost system and a normal cost system.

10. The ability to calculate and apply overhead rates in both an actual cost system and a normal cost system.

Note: The journal entries used in manufacturing accounting and job-order costing, which is presented in this chapter, will not be covered in this course.