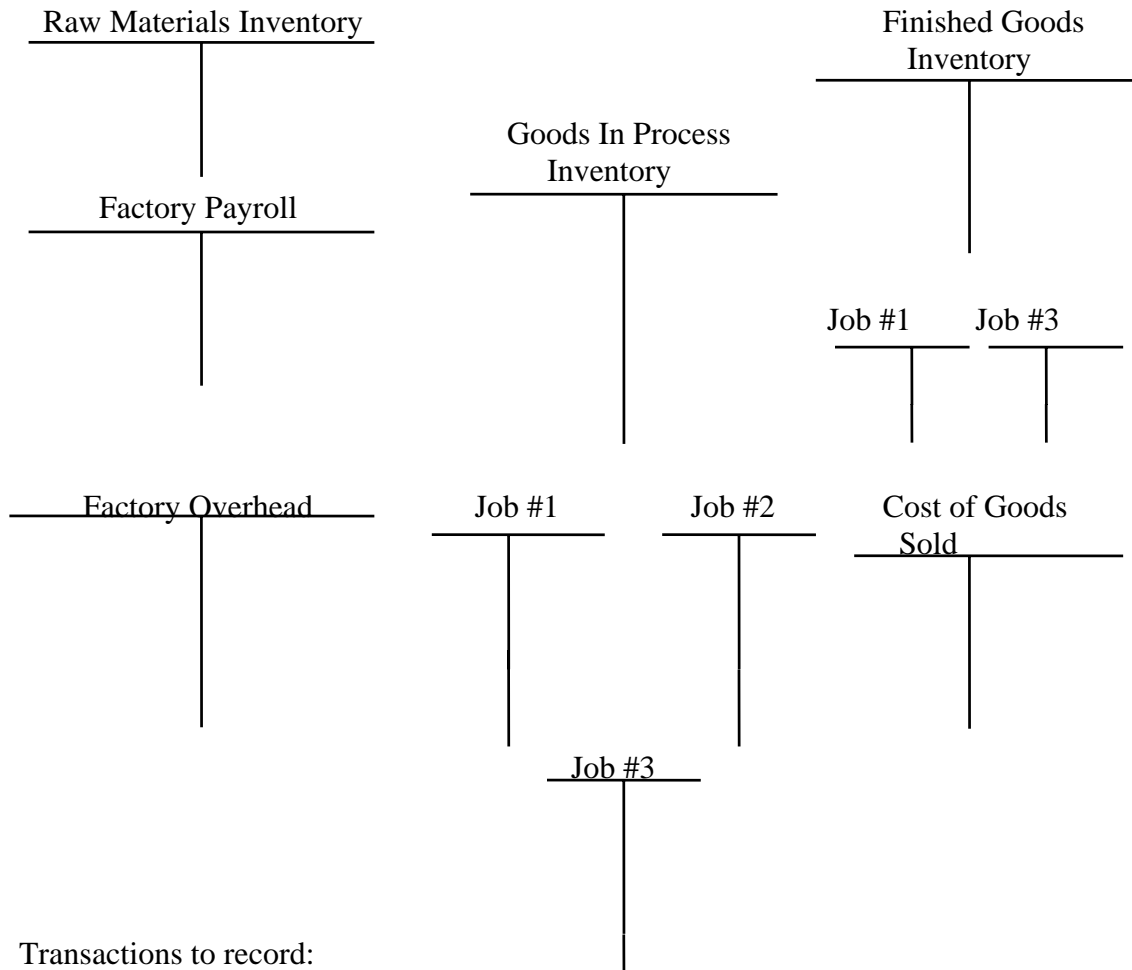


PRINCIPLES OF ACCOUNTING II
ACC 122

JOB ORDER COSTING

DEMONSTRATION PROBLEM



Transactions to record:

- a. Purchased \$25,000 of raw materials.
- b. Requisitioned \$10,000 of materials into manufacturing: \$5,000 for Job #1, \$2,000 for Job #2, and \$3,000 for Job #3.
- c. Used \$1,000 of indirect materials in production.
- d. Incurred \$40,000 of payroll costs.
- e. Assign direct labor to jobs: \$15,000 for Job #1, \$7,000 for Job #2, \$13,000 for Job #3.
- f. Incurred \$5,000 of indirect labor.
- g. Recorded other overhead costs of \$48,000.
- h. Apply overhead to jobs using 150% of direct labor costs.
- i. Completed Job #1 and #3.
- j. Sold Job #1 for \$65,000.
- k. Closed the overhead account.