

Exercise 2-10

1

Eccles Company Schedule of Cost of Goods Manufactured

Direct materials:		
Raw materials inventory, beginning	\$ 8,000	
Add: Purchases of raw materials	<u>132,000</u>	
Raw materials available for use	140,000	
Deduct: Raw materials inventory, ending	<u>10,000</u>	
Raw materials used in production		\$130,000
Direct labour		90,000
Manufacturing overhead:		
Rent, factory building	80,000	
Indirect labour	56,300	
Utilities, factory	9,000	
Maintenance, factory equipment	24,000	
Supplies, factory	700	
Depreciation, factory equipment	<u>40,000</u>	
Total manufacturing overhead costs		<u>210,000</u>
Total manufacturing costs		430,000
Add: Work in process, beginning		<u>5,000</u>
		435,000
Deduct: Work in process, ending		<u>20,000</u>
Cost of goods manufactured		<u>\$415,000</u>

2

The cost of goods sold section would be:

Finished goods inventory, beginning	\$ 70,000
Add: Cost of goods manufactured	<u>415,000</u>
Goods available for sale	485,000
Deduct: Finished goods inventory, ending	<u>25,000</u>
Cost of goods sold	<u>\$460,000</u>