

What Is Job Order Costing?

Worksheet

Job order costing accumulates direct materials, direct labor, and applied manufacturing overhead separately for each specific job, giving an accurate total cost per job.

Questions

- Job order costing is best suited for businesses that:
 - Mass-produce identical units
 - Make custom or unique products/orders
 - Never track overhead
 - Only sell services with no materials
- Which of these is NOT one of the three job cost components?
 - Direct materials
 - Direct labor
 - Applied overhead
 - Sales revenue
- Materials: \$3,000, Labor: \$2,000, Overhead applied: \$1,500. What is the total job cost?
 - \$5,000
 - \$6,500
 - \$4,500
 - \$3,500
- What tracks labor hours spent on a specific job?
 - Materials requisition form
 - Time ticket
 - Job cost sheet only
 - Balance sheet
- A custom cabinet job used \$2,500 in direct materials, \$1,800 in direct labor, and 60 labor hours at a predetermined overhead rate of \$20/hour. Find total job cost.
- A print shop job used \$600 in materials and 15 machine hours at a \$30/hour overhead rate; no separate direct labor is tracked. Find job cost (materials + overhead only).
- If a job's total cost was \$8,400, direct materials were \$3,000, and overhead applied was \$2,400, find direct labor.
- Define: What is job order costing?
- Define: Who uses job order costing?
- Define: What three costs make up a job's total cost?

Answer Key

1. B) Make custom or unique products/orders - It's designed to track cost per distinct job, ideal for custom work.
2. D) Sales revenue - Sales revenue isn't a cost component - the three are DM, DL, and applied overhead.
3. B) $\$6,500 - 3,000 + 2,000 + 1,500 = \$6,500$.
4. B) Time ticket - Time tickets record hours worked by employees on a specific job.
5. Overhead applied = POR Hours = 20 60 = \$1,200 Job Cost = DM + DL + Overhead Job Cost = 2,500 + 1,800 + 1,200 = \$5,500
6. Overhead applied = 30 15 = \$450 Job Cost = DM + Overhead = 600 + 450 = \$1,050
7. Job Cost = DM + DL + Overhead 8,400 = 3,000 + DL + 2,400 8,400 = 5,400 + DL DL = \$3,000
8. A costing method that accumulates costs separately for each individual job or order.
9. Businesses making custom or distinct products, like construction firms, furniture makers, and print shops.
10. Direct materials, direct labor, and applied manufacturing overhead.

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