Job Order Costing Based on the Factory as a Whole

$x_A := 2100$ $x_B := 4000$

$DMC_A := 63000$ $DMC_B := 128000$

$$DMC := DMC_A + DMC_B = 191000$$

$dmc_A := \dfrac{DMC_A}{x_A} = 30$ $dmc_B := \dfrac{DMC_B}{x_B} = 32$

$DLC_A := 21000$ $DLC_B := 32000$

$$DLC := DLC_A + DLC_B = 53000$$

$dlc_A := \dfrac{DLC_A}{x_A} = 10$ $dlc_B := \dfrac{DLC_B}{x_B} = 8$

$OH := 322885$

$IMC := 0.35 \cdot OH = 113009.75$

$ILC := (1 - 0.35) \cdot OH = 209875.25$

$imc_A := \dfrac{IMC}{DMC} \cdot dmc_A = 17.75$ $imc_B := \dfrac{IMC}{DMC} \cdot dmc_B = 18.93$

$ilc_A := \dfrac{ILC}{DLC} \cdot dlc_A = 39.60$ $ilc_B := \dfrac{ILC}{DLC} \cdot dlc_B = 31.68$

$tc_A := dmc_A + imc_A + dlc_A + ilc_A = 97.35$ $tc_B := dmc_B + imc_B + dlc_B + ilc_B = 90.61$

Legend:

Subscripts *A*, *B* for products
x   =   Quantity of goods produced
DMC =   Direct cost of materials
dmc =   Direct cost of materials per unit
DLC =   Direct cost of labour
dlc =   Direct cost of labour per unit
OH   =   Total overhead
IMC =   Indirect cost of materials
ILC =   Indirect cost of labour
imc =   Indirect cost of materials per unit
ilc =   Indirect cost of labour per unit
tc   =   Total cost per unit