

# Management Accounting

PRACTICAL CLASS 7



# Product vs Period costs

## Product Costs

Attached to the products and included in the stock (inventory valuation). Treated as an expense (COGS) when products are sold  
*e.g. Manufacturing Costs*

## Period Costs

Not included in inventory valuation. Treated as an expense of the period in which they occurred  
*e.g. Non-Manufacturing Costs*

# Job vs Process Costing

## JOB VS PROCESS VS HYBRID

### Useful to:

- Understand the inventory method utilized
- Provide accurate quotes

### Process Costing

Costs assigned to **broad masses of similar units**  
*Mass produced identical items for general sale and not for any specific customer.*  
(e.g. Pasta – Problem 15)

### Job Costing

Costs assigned to **distinct units, batch or lot of distinct product or service.**  
*Fully custom jobs for specific clients*  
(e.g. Art Pieces, Problem 11)

### Hybrid Costing

Includes features of **both systems**  
*Identical processing of a identical product with individual modifications*  
(e.g. Car + Extras)

# Exercise

19 – THE BOM AZULEJO COMPANY

# Don't forget the Midterm!

MARCH 14TH