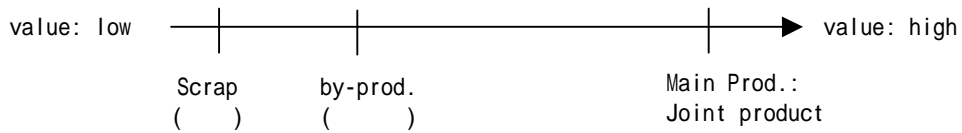


Joint product / By-product

Joint product:

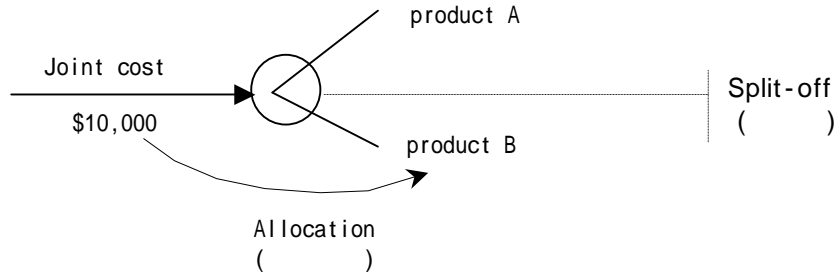
By-product :



Joint product:

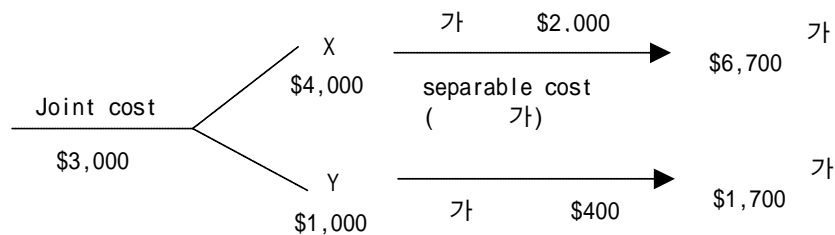
가

1. Tax report Financial report Inv 가
2. Pricing decision



Joint Cost Allocation: 가

1. Sales Value method: 가
2. Net Realizable method: 가



1. Sales value method

$$\$3,000 * \frac{4,000}{4,000 + 1,000} = 2,400 \quad , 4,000 + 2,400 = 6,400$$

$$\$3,000 * \frac{1,000}{4,000 + 1,000} = 600 \quad , 1,000 + 600 = 1,600$$

2. NRV = 가 - additional cost to complete & dispose of

$$X \quad NRV = 6,700 - 2,000 = 4,700$$

$$Y \quad NRV = 1,700 - 400 = 1,300$$

$$\$3,000 * \frac{4,700}{4,700 + 1,300} = 2,350 \quad 4,000 + 2,350 = 6,350 \quad X$$

By-product: Joint product

가 가

inventory

		Net Revenue	main product	CGS
	Net Revenue	Main product cost		
** Net income	가	Gross Margin(I/S)	가	

B/S	I/S
Inv	CGS
100	99
99	

#31] Hoger Corporation accumulated the following cost information for its two products, A and B:

	A	B	Total
Production volume	2,000	1,000	
Total direct man. Labor hrs.	5,000	20,000	25,000
Setup cost per batch	\$1,000	\$2,000	
Batch size	100	50	
Total setup costs incurred	\$20,000	\$40,000	
DMLH per unit	2	1	

A Traditional costing system would allocated setp costs on the basis of DMLH. An ABC system would trace costs by spreading the costs per batch over the units in a batch. What is the setup cost per unit of product A under each costing system?

DMLH:

$$\begin{aligned}
 60,000 / 25,000 &= \$2.4/\text{Unit} \\
 A &= 2.4 * 2 = \$4.8/\text{Unit} \\
 B &= 2.4 * 1 = \$2.4/\text{Unit}
 \end{aligned}$$

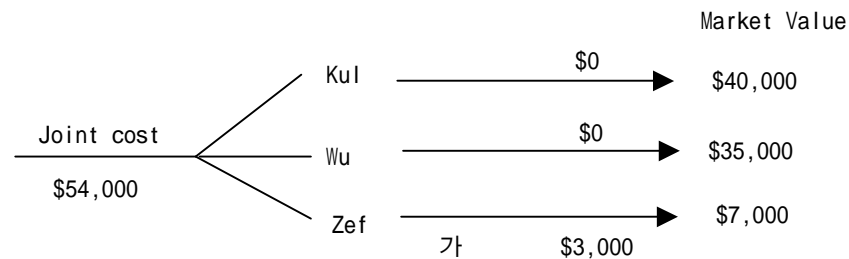
ABC costing

$$\begin{aligned}
 A &= \$1,000/100 = \$10/\text{Unit} \\
 B &= \$2,000/ 50 = \$40/\text{Unit}
 \end{aligned}$$

#32] Lane Co. produces main products Kul and Wu. The process also yields by-product Zef. Net realizable value of by-product Zef is subtracted from joint production cost of Kul and Wu. The following information pertains to production in July 1998 at a joint cost of \$54,000:

<u>Product</u>	<u>Units Produced</u>	<u>Market Value</u>	<u>additional cost after split-off</u>
Kul	1,000	\$40,000	\$0
Wu	1,500	35,000	0
Zef	500	7,000	3,000

If Lane uses the net realizable value method for allocating joint cost, how much of the joint cost should be allocated to product Kul?



1. Zef NRV

$$NRV = 7,000 - 3,000 = 4,000$$

Joint cost by-product, \$50,000 .

$$Kul = 50,000 * (40,000 / 75,000) = \$26,667$$

$$Wu = 50,000 * (35,000 / 75,000) = \$23,333$$