

COST OF GOODS SOLD

Many times you are not given enough information to calculate Cost of Goods Sold right away. Therefore, one or more calculations may be needed first.

Direct Materials, beginning inventory
+ Direct Materials Purchases
- Direct Materials, ending inventory
Direct Materials Used in Production



Each value you calculate becomes the first line in the next value's calculation.

Direct Materials Used in Production
+ Direct Labor
+ Manufacturing Overhead
Total Product Cost



Total Product Cost
+ Work in Process, beginning inventory
- Work in Process, ending inventory
Cost of Goods Manufactured



Cost of Goods Manufactured
+ Finished Goods, beginning inventory
Goods Available for Sale
- Finished Goods, ending inventory
Cost of Goods Sold