

Transport Industry



STEP 1

TRANSPORTATION: How to Make Airplanes

Process costing focuses on the production of homogeneous products in large volumes. The units of the products made look similar every time and they are likely to remain the same in future productions. An example of this process is the production of paints, soft drinks like Coca Cola, cell phones, cloths among others. Job costing focuses on the manufacturer of unique heterogeneous items in small numbers. The services provided here are customized to the nature or uniqueness of the final products which do not look alike. An example of this process is the manufacturer of cars and airplanes. These products are produced in small numbers each with a different model and uniqueness.

In the transport industry, the process of making an airplane as presented in the video is job costing. This is because airplanes are produced in small number and in different sizes. Further, the process produces airplanes that are not similar in size, and each airplane comes out with its own unique features that distinguish it from the rest in the market. An airplane has around 3 million parts and 120, 000 unique and sophisticated parts. Thus, the operation presented in this video is job costing.

Product costs are the necessary costs that must be incurred by the manufacturer in order for the manufacturing process to proceed. They are the direct costs of making a product or an item. These costs include the costs associated with direct labor, factory overheads and direct materials, especially raw materials. These costs are inventoriable; meaning that they must be incurred by the manufacturer before the airplane is realized. In the case of airplane manufacturing, product costs include the cost of compensating aeronautical engineers, technicians; purchasing the necessary materials used in making airplane parts like the engine, Wings, assembling costs among others.

On the other hand, period costs are costs that are not necessary for the production process to commence. The process can proceed even without incurring these costs although; they help in making the process run conveniently. These costs cannot be allocated to either inventory or the final products. An example of such costs includes the general administration costs, and they are recorded in the books of account as expenses incurred in an accounting period.

STEP 2

WRITER: Loralie Yumang-How To Make Glass

Yumang's post on how to make flat glasses is very educative. From the post, I have learnt that sand is part of ingredients used to make glass. The different raw materials used to make glass like limestone, sand, dolomite, soda ash and gypsum should be stored in separate storage sites to avoid early forming. I am able to follow the process of manufacturing glass from the time of inception up to the time when the end product is realized. The post is concentrated on the process of making of making sand than identifying the type of costs and the costing process associated with the video.

WRITER: Pattrawadeesukjai - How Airplanes are Made

The author of the post is able to inform me that an airplane has around 3 million parts and 120, 000 unique parts. From the post, I am also able to remind myself about other various accounting principles I have learned in class like quality cost, lean operations, and activity-based costing.