Cost of Goods Manufactured (COGM) & COGS Master Cheat Sheet

Inventory Flow, Work-in-Process (WIP), Finished Goods & Manufacturing Schedule Structure

1. SCHEDULE OF COST OF GOODS MANUFACTURED (COGM)

Schedule Section & Cost Item	Calculation Steps & Subtotals	Financial Accounting Function
Direct Materials Used	Beginning Raw Materials Inv + Purchases - Ending Raw Materials Inv = **DM Used**	Measures raw physical materials placed into assembly.
Direct Labor (DL)	Touch labor wages directly traceable to product fabrication.	Added directly to manufacturing costs.
Manufacturing Overhead (MOH)	Indirect materials + Indirect labor + Factory utilities + Depreciation + Factory insurance	All indirect factory production costs incurred during period.
Total Manufacturing Costs (TMC)	**TMC = Direct Materials Used + Direct Labor + MOH Applied**	Total new productive investment placed into factory floor.
Cost of Goods Manufactured (COGM)	**COGM = TMC + Beginning WIP Inventory - Ending WIP Inventory**	**Cost of goods completed** transferred from WIP to Finished Goods warehouse.

2. COST OF GOODS SOLD (COGS) CALCULATION & INCOME STATEMENT LINK

Business Sector	Complete COGS Equation	Balance Sheet Linking Flow
Manufacturing Entity	Beginning Finished Goods Inv + **Cost of Goods Manufactured (COGM)** = Goods Available for Sale - Ending Finished Goods Inv ± Under/Overapplied MOH = **Adjusted COGS**	Connects Factory Schedule (COGM) to Income Statement expense and Balance Sheet Finished Goods ending inventory.
Merchandising Entity	Beginning Merchandise Inv + Net Purchases (Purchases - Discounts - Returns + Freight-In) - Ending Merchandise Inv = **COGS**	No factory accounts (WIP/MOH); inventory purchased in retail-ready condition.