

The following calendar year-end information is taken from the December 31, 2015, adjusted trial balance and other records of Best Bikes.

Problem 18-2B

Classifying costs

C2 C3

Advertising expense	\$ 20,250	Miscellaneous production costs	\$ 8,440
Depreciation expense—Office equipment. ...	8,440	Office salaries expense	70,875
Depreciation expense—Selling equipment ...	10,125	Raw materials purchases	894,375
Depreciation expense—Factory equipment ...	35,400	Rent expense—Office space	23,625
Factory supervision	121,500	Rent expense—Selling space	27,000
Factory supplies used	6,060	Rent expense—Factory building	93,500
Factory utilities	37,500	Maintenance expense—Factory equipment ...	30,375
Direct labor	562,500	Sales	4,942,625
Indirect labor	59,000	Sales salaries expense	295,300

Required

1. Identify and classify each of the costs above as either a product or period cost.
2. Classify each of the product costs as either direct materials, direct labor, or factory overhead.
3. Classify each of the period costs as either selling or general and administrative expenses.