Direct Labor Cost Calculation

Module Guide: Direct Labor Cost Calculation

Module Location

Production > Direct Labor Cost > Direct Labor Cost Calculation

Module Objective

The **Direct Labor Cost Calculation** module is used to calculate the total **direct labor cost** incurred in a specific period, based on worker attendance data and applicable premium formulas. This calculation result can then be posted as an accounting journal to charge the labor cost to the cost of production (for example, to a WIP or COGS account).

1. Main View (Calculation List)

The main page of this module displays a list of all labor cost calculation documents that have been created.

View Explanation

- **View**: This page is a history of all labor cost calculations. You can see the **Transaction Code, Transaction Date, Total Cost Amount**, and the **Posted** status (whether it has been journalized).
- **Filters**: You can search for a specific document by **Transaction Code** or a **Date** range.
- **Action Buttons**:

- **[New Transaction]**: The primary button to start a new calculation process.
- **[Posting]**: The crucial button to create an accounting journal from the selected calculation.
- **[Print Document]**: To print the calculation details.

2. Steps to Perform a Cost Calculation

Step 1: Create a New Calculation Document

From the Main View, click the **[New Transaction]** button to open the **Add Transaction** form.

Step 2: Define the Period

On the form that appears, define the calculation period by filling in the **Start Date** and **End Date**. Click **[Next >>]**.

Step 3: Calculation Process (Automatic)

After you define the period, the system will automatically pull attendance data from the **Worker Attendance** module and premium data from the **Premium Formula** module to calculate the total direct labor cost for that period. The result will appear as a new row in the Main View with the **Posted** status still empty.

Step 4: Review the Result

Return to the Main View and review the calculation row that was just created. Check the value in the **Amount** column to ensure the result is reasonable.

Step 5: Post to Journal

1. Select the correct calculation row by checking the box on the left.

2. Click the **[Posting]** button. The system will automatically create an accounting journal to charge this labor cost (e.g., **Debit to Work in Process - Labor** and **Credit to Salaries Payable**).

3. The **Posted** status for that row will be updated.

Tips & Important Notes

- This is an important monthly **cost accounting process** for charging labor costs to production.

- The calculation's accuracy is highly dependent on the accurate attendance data in the **Worker Attendance** module.

- Ensure this process is done before running the **monthly book-closing** process.

- This module is a crucial work tool for a **Cost Accountant**.

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