

Maureen Shelley is controller of Optus Communications. Optus manufactures cell phones. She has prepared a list of typical costs incurred by the business. Review the list and determine whether each cost is a product cost or period cost. For product costs, further classify the cost as direct material, direct labor, or factory overhead.

| | <i>Product or Period</i> | <i>Direct Material Direct Labor Factory Overhead</i> |
|---|--------------------------|--|
| Depreciation of machinery used in factory | | |
| Commissions paid to sales force | | |
| Annual inspection of factory fire extinguishers | | |
| Plastic used to mold phones | | |
| Maureen's salary | | |
| Reprogramming of automated assembly line | | |
| Salary of phone touchscreen installers | | |
| Depreciation of office computers | | |
| Computer chips installed in phones | | |
| Pads used to buff and shine touchscreens | | |
| Rental of mold for newest model phone | | |
| Landscape service for corporate office | | |
| Salary of quality control inspectors | | |
| Shipping costs for units sold | | |