

Chapter 1- job and batch costing

- Costing refers to the techniques and processes of determining costs of a product or service.
- Methods of costing refers to procedures and steps followed for collecting, determining and presenting cost.

Job costing

- It is also known as job order costing
- job costing is a method of finding the cost of a specific job or work order separately
- job costing is a system of accumulating elements of cost separately for each job or work order
- each job is treated as a cost unit under this method

Application of job costing method

- Foundries
- Printing
- Furniture works
- Interior decoration
- advertising
- Engineering workshop

Steps involved in job costing

- Preparation of quotation
- receiving of orders
- Preparation production order
- Execution of job and dispatch of goods
- Preparing job cost sheet

Preperation of job cost sheet

Job cost sheet for the job no.

Particulars	amt	amt
Materials		XXXX
Wages (labour)		XXXX
Direct expenses		XXXX
PRIME COST		XXXX
add:		
factory overheads:		
variable factory overhead	XXXX	
fixed factory overhead	XXXX	XXXX
FACTORY COST		XXXX

<p>Add: Administration Overhead: Variable fixed</p>	<p>XXXX XXXX</p>	
<p>Total cost</p> <p>Add: profit</p>	<p>→</p>	<p>XXXX XXXX</p>
<p>SALES</p>	<p>→</p>	<p>XXX</p>