

Batch costing

- A batch refers to group of similar items. A batch of identical article may be manufactured to meet the requirements of a specific order of the customer or to hold in stock for further assembling to complete the final product.
- A batch costing is a method of ascertaining the cost of a batch of similar units.
- Examples of industries where job costing is adopted are drugs, chemicals, printing etc

Differences between job costing and batch costing

- Job costing

1. In job costing each job is treated as cost unit.
2. Job orders are generally for an item or for a limited number of items.
3. Job is undertaken according to a customer requirement
4. Total cost is calculated for each job and profit is added.

- Batch costing

1. Under batch costing each batch is considered as a cost unit.
2. In batch costing, each batch is for different items of output.
3. In batch costing, articles are manufactured for future sale to customers.
4. The production is taken up to be held in stock and sold on demand