

# PRACTICAL COSTING- JOB COSTING

Presented by

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# **JOB COSTING**

## **Definition of Job and Job Costing**

The term “Job” as “ a customer order or task of relatively short duration”.

**CIMA definition of Job costing is**

“ It is a form of specific order costing in which costs are attributed to individual jobs”.

# FEATURES OF JOB COSTING

1. Jobs are undertaken against the orders of customers, as per their instructions.
2. Production is not meant for stock and future sale. The production is not continuous.
3. The jobs differ from each other requiring different methods, materials or skills and treatment.

4. The jobs go through different operations and departments as per their specific requirements. There is no uniformity in the flow of production.
5. Each job is treated as a cost unit and a production or job order number is issued. The job is identified with such number throughout the different stages of production.

6. Separate cost sheet is prepared for each job to ascertain its cost and profit.
7. Estimating the costs and quotations to the customers on that basis are widely practised.

# OBJECTIVES OF JOB COSTING

1. Ascertaining the cost of each job order, element, as accurately as feasible.
2. Enabling preparation of overhead quotations and tenders through reliable estimates.
3. Determination of suitable overhead recovery rates to absorb the overheads fully.

4. Providing proper valuation of work-in-progress at any given time.
5. Establishing procedures for controlling and reducing costs over a period of time.

THANK YOU