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Topic - Job Costing Meaning & Uses.

Meaning of Job Costing - Job Costing is a form of as a distinctive method costing which is adopted specific order costing which is adopted to execute the work strictly according to customer's specification. The cost is ascertained separately for each job as every work order differs from customers to customers. The purpose of job costing is to ascertain the profit or loss made on each job. Further cost of job is compared with the estimated cost to indicate whether estimation was defective or the actual cost incurred is excessive.

Features :-

- Job costing is adopted by manufacturing concerns as well non-manufacturing concerns.
- Those concerns which follow job costing method produce goods not for stock but against specific orders from customers.
- Under job costing, the cost of each job is ascertained after the completion of the job.
- Under this method, the cost of each job and the profit or loss made on each job undertaken is found out separately.
- Under this method production is intermittent not continuous.

Uses : It is helpful to ascertain the cost as well as loss on each job separately.

- It helps management to know about profitability of each job.
- It best suited for cost plus contracts.
- Under this method costing, spoilage and defective job can easily defined.
- It helps in preparation of future Budget.