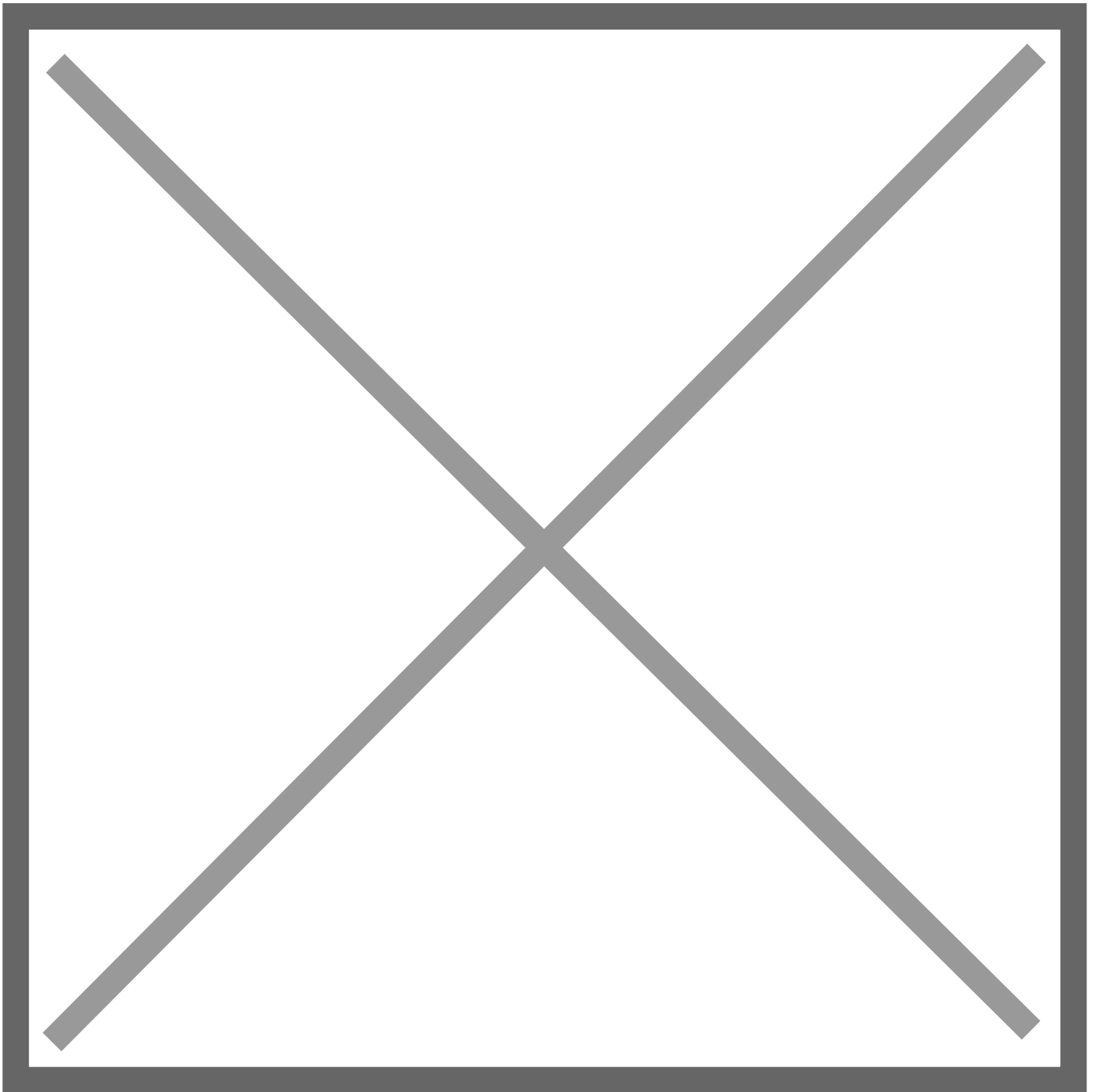


Job Costing Process Example

There are two ways to do this job costing.

First way:

This is where on quoting you would use a service item to capture the machine selling value



You can then estimate a cost against the machine in the quoting phase. This helps as it gives you an indication of what the possible profit can be on the item.

Now you take the quote to a job.

When the quote comes in it will drop the cost price that you added in the quote section. It will hold the sales value and have a cost price of zero. The costs will be built up from the Cost to Company items being inserted on the job.

You can use the template tasks to insert a machine processes which includes all the BOMs that you have. This must be inserted as CTC (Cost to Company).

As you complete the BOMS and you add them to the job you manage each line to give you a process on the job.

When you are ready to complete job and are ready to invoice, manage the quote service line so that this will show up on the invoice.

Complete Job

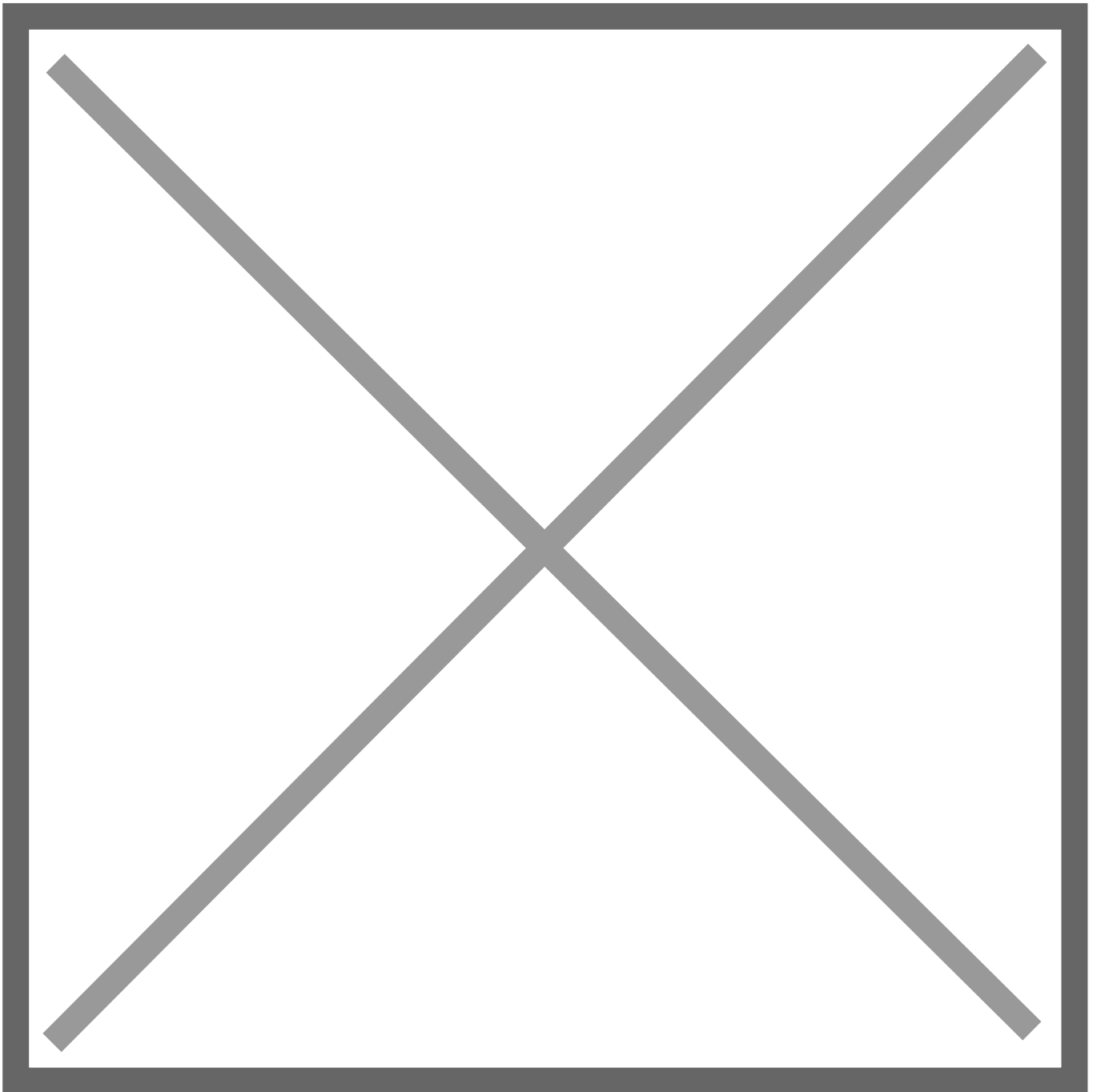
Now that the job is complete you can now invoice the whole job with the CTC items. The CTC items will not show on the invoice, but the original line of the quote will with the value.

At this stage all items will be removed out of the WIP account and posted to the Cost of sales and stock accounts.

Second Way:

Making scanning machine for stock – customer is STOCK customer – not actual customer.

In this case you will still do the service item, but at zero selling and cost



You can then estimate a cost against the machine in the quoting phase. This helps as it gives you an indication of what the possible profit can be on the item.

Now you take the quote to a job.

When the quote comes in it will drop the cost price that you added in the quote section. It will hold a the sales value and have a cost price of zero. The costs will be built up from the Cost to Company items being inserted on the job.

You can use the template tasks to insert a machine processes which includes all the BOMs that you have. This must be inserted as CTC (Cost to Company).

As you complete the BOMS and you add them to the job you manage each line to give you a process on the job.

When you are ready to complete job and you will close the job and WRITE OFF STOCK and close the job.

This will post an entry to Stock (Credit) and Job Stock Adjustment (Debit) accounts. Stock will have left the system out of WIP. You will now need to see the value of the stock posting (lets say 1 550 000-00). This then would be the cost of the stock item to produce.

Step to get into stock.

Assuming 1

You will need to have a finished stock code for the machine. LETS assume for this example you will have a stock code for each completed machine which could also act as your serial number of the machine.

Create the new stock item with the stock code and put in the cost price of the item being R1 550 000-00.

Then go to stock level adjustment and add in the stock level one increase of stock item which is valued at R1 550 000-00.

When you post this it will affect Stock (Debit) and Job Stock Adjustment (Credit). This balances out your stock values, raw materials are reduced and finished good now in stock at the cost value of the stock item.

Assuming 2

Create the new stock item with the stock code which is one stock item holding quantities of various completed scanning machines.

This means that you will have to create a Production Creditor. Go and GRV the stock item which is valued at R1 550 000-00 except VAT as this is an internal transaction.

What will happen now is the Creditors Control Account (Credited) and Stock (Debited) will be updated. This balances out the stock.

Now to balance the Creditor, create a Creditors Journal Debit with prompting the Credit account. Put the value of R1 550 000-00 in and the Credit account put in the Job Stock Adjustment (Credited) Account. This will balance out the Creditors control account and the Job Stock Adjustment account to zero.

Invoicing

Now you will create a Debtors invoice for the stock item and any other additional invoicing items.

This will now do the following

Debtors Control (Debit) – R2 000 000-00

Sales (Credit) – R2 000 000-00

Vat (Credit)

Stock (Credit) – R1 550 000-00

COS (Debit) – R1 550 000-00

The stock will be reduced by the finished goods

In all the above your stock balances out but you control your costs on jobs are starting to get accurate.

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