



Job Costing

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What is job costing?

Job costing is a way of tracking how much you are spending on a job, and how costs are accumulating per job.

Besides the fixed costs your company incurs, there are many variable costs that need to be monitored and controlled in order to be sure to maximise profits. The costs that an employee incurs can include wages, overtime, expenses, travel time and so on.

Job Costing is particularly useful for companies whose products are of a relatively high value, such as ship-building or building contractors, or for employees who are on piece-work, such as fruit pickers or factory staff.

Using a computerised system to collect information about hours worked, items produced or money spent, and allocating that information to a particular project, task or cost centre (possibly nested within each other) helps you to do the following:

- track costs,
- allocate resource effectively,
- accurately invoice your customers, and
- monitor actual costs against estimated, meanings you can quote more accurately when you bid for jobs in the future.

You can use the information to identify which areas of your company are operating less profitably.

What is job costing made up of?

Collecting data

There are many different ways of collecting data for job costing.

The information can self-generate, with variations being added into the software by exception. Mitrefinch's system can be pre-programmed with rules based on type of employee, day of week, hours already worked etc.

Manual methods of inputting job costing data include:

Mitrefinch's Job Costing Kiosk

Mitrefinch recommends the Symcod TermiCom industrial computer. This is a totally sealed computer with a toughened screen. Standard touch-screen terminals can also be used.



Clocking terminals

Standard Mitrefinch clocking terminals are programmed with user-defined routines set up to prompt for Job, task, item, etc.

There may be a bar-code scanner attached for easy job selection from a wall-mounted chart



Standard barcode scanner



Rugged PDA with integral barcode scanner

Monitoring costs v. estimates while the job is in progress

You will have estimated the cost of a job when you bid for it in the first place. Monitoring these costs as the job progresses allows you to correct variances as they happen, rather than waiting until the project is over. Mitrefinch software allows you to see what everyone is doing 'live' and run reports on a daily basis or more frequently showing actual costs v estimated costs.

Mitrefinch systems can break down the information per job and items within (or separate to) each job.

Code	Description	Est. Time	Act. Time	Est. Cost	Act. Cost	Est. Quantity	Act. Quantity
PRJ1	Order 55342	215.00	78.30	£950.00	£4,475.00	250	0
PRJ2	Order 55343	200.00	7.30				
PRJ3	Order 55344	210.00	7.30	£10,000.00	£428.00		

Description	Start date	End date	Est. Time	Act. Time	Est. Cost	Act. Cost	Est. Quantity	Act. Quantity
Casting	24/05/2004	27/05/2004	50.00	55.00	£250.00	£3,135.00	50	0
Drilling	25/05/2004	29/05/2004	100.00	23.30	£100.00	£1,340.00	50	0
Cleaning	26/05/2004	02/06/2004	30.00	0.00	£500.00	£0.00	50	0
Assembling	27/05/2004	03/06/2004	20.00	0.00	£100.00	£0.00	50	0
Packing	21/05/2004	05/06/2004	15.00	0.00	£0.00	£0.00	50	0

Invoicing the customer

When there is no fixed price for a particular job, it is important to make sure you have invoiced for all time spent and materials used. Mitrefinch software allows you to feed this information directly into your accounting package, add overhead and other fixed costs and send the bill to the customer.

Detailed reports for better planning in the future

Mitrefinch software allows you to report based on employee (how much their labour and materials cost), based on a project (how much to invoice a customer), based on an item across projects (e.g. how much packaging cost across all projects over a year), allowing you to identify opportunities to become more efficient.