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**Discussion Board Forum 2**

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This paper will discuss the job costing system and process costing system alongside the application in four companies. The characteristics of each of the systems will be discussed. The next section will start with a job costing system and two examples from companies that are likely to use it. The section that follows in this paper will focus on the process costing system, and two examples from companies will also be discussed. A conclusion will be provided at the end of this discussion.

**Job Costing System**

A management accountant of a firm needs to determine the cost accumulation method that best fits an organization. One of the cost accumulation methods in literature is job costing. According to Blocher et al. (2019), job costing is a product costing system that accumulates and assigns costs to specific jobs, customers, projects, or contracts. Job costing is broadly used by manufacturers such as printing, aircraft, construction, auto repair, and professional services (Anta and Iacob, n.d.).

A company like Northern Star Automotive (NSA) in Mackenzie, British Columbia, is likely to use job costing since it engages in auto repair. Job costing is suitable for NSA because it will be able to effectively assign costs to each customer's job/repair. Another company that may use a job costing system is MNP, an accounting firm in the country (Canada). MNP can track work completed on each client's job and bill accordingly. The following are some of the characteristics of the job costing system.

**Characteristics of Job Costing System**

* Production is made, or services are rendered against specific orders.
* A job is identifiable throughout the production process.
* Each job has its characteristics and requires special attention.
* A distinguishing number is allotted to each job order undertaken.
* Each of the jobs becomes a cost centre.
* Costs are charged directly to individual job orders.
* The manufacturing cost of a job order can be found out only after the job order is
* Completed irrespective of the time taken for the same.
* Production is not made in anticipation of demand and for storing purposes.
* Profit or loss of each job is undertaken determined separately.

**Process Costing System**

The second cost accumulation discussed here is the process costing system, a product costing system that gathers costs according to processes and allocates them to a large number of nearly indistinguishable products (Blocher et al., 2019). A high technology company may use a process costing system. For example, Kim, Ko and Bang (2015) analyze a pyroprocess facility in Korea that can process up to 10 tons of pyroprocessing products per year by utilizing the process costing method.

Locally, the Mackenzie Pulp Mill (MPM) may be adopting the process costing system for its pulp production. MPM produces pulp continuously except when there is a breakdown in operations. As such, the company is likely to use process costing in its mill. Another company that is likely to use the process costing method is  Duz Cho Forest Products (DCFP) for its lumber production. DCFP may use process costing since the production of its goods is a result of repetitive operations. The next part of this section lists the characteristics of process costing.

**Characteristics of Process Costing System**

* Each plant is divided into several process cost centres or departments, and each such division is a stage of production or a process.
* The finished products are uniform in all respects, such as shape, size, weight, quality, colour, chemical content.
* The output of one process is the input of the next process.
* Costs follow the flow of production i. e. costs incurred in the earlier process are transferred to the later process along with the output.
* The total cost of the finished product in the last process is cumulative i. e. it comprises all processes.
* The cost of any particular unit is the average cost of manufacture over a period.
* Production of one article may give rise to two or more by-products.
* The occurrence of process losses e. g. evaporation, shrinkage, chemical reaction etc.
* Production accumulated and reported by the process.

**Conclusion**

A company can combine the use of both cost accumulation methods. A company may decide to use job costing for some products and process costing for other products (Anta and Iacob, n.d.). The choice of cost accumulation to use may depend on what the management chooses to be the best for a company.

**References**

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