

Job Costing Overview and Topics

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To many individuals, the words Job Costing can be daunting at the least. This section is designed to help SedonaOffice customers better understand the methods and concepts used within Job Management, so that when reviewing a Job you are able to determine what has driven the various expenses posted to the job.

The costing of Jobs within SedonaOffice is determined by all the expenses applied to the job. Expenses flow into the job by transactions created in various areas of the application. Below is a simple diagram illustrating what types of costs may be applied to a Job. Refer to the topic links below which will explain how the various expense types flow into the Job.

In the Job Costing Setup section of this help, it will be explained which G/L accounts are affected by the Job setup choices and transactions created by Users.

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There are two options available for applying expenses to Jobs; Expensing Immediately or using Work in Process accounts. If your company regularly performs jobs that span over a long period of time or do not open and close within the same accounting period, your company should consider using the Work In Process method.

Expense Immediately Method

If this method is used, transactions performed for expenses that are linked to a Job will immediately post to the cost of goods sold or expense accounts. When the Job is invoiced to the customer, the income will be posted to the general ledger. If the expenses for a job occur in one accounting period but the customer is not invoiced until the next month, you will have expenses without an income offset in the same accounting period. Using this method it is possible to have very high expenses and low income in the same accounting period.

Work in Process Method

When using the Work in Process method, transactions performed for expenses that are linked to a Job will be posted to a Work in Process account (balance sheet asset account). When the Job is invoiced to the customer, the expenses held in the Work in Process account will automatically move to the cost of goods sold or expense accounts. Thus income and expenses are recognized at the same time within the same accounting period. The movement of expenses in and out of the Work in Process accounts is all done behind the scenes by the application.

Follow the links below for more information on Job Costing elements.

[Material Costs](#)

[Labor Costs](#)

[Commission Costs](#)

[Miscellaneous Costs](#)