NOVA
NOVA SCHOOL OF
BUSINESS & ECONOMICS

Management
Accounting

Spring 2025
Practical class 6

TA Francisca Caldas

AGENDA

THEORETICAL RECAP
Costing system

CHAPTER 5
Problem 15

Theoretical Class Recap (or not)

Costing Systems

JOB COSTING SYSTEM

- Costs are assigned to a distinct unit, batch or lot of a distinct product or service. The product or service is often costum-made (e.g. bridge) – Problem 11 handbook

PROCESS COSTING SYSTEM

- The cost of a product or service is obtained by using broad average to assign cost to masses of similar units, identical items are mass produced for general sale and not for any specific customer (e.g milk bottles) – Problem 15 handbook

HYBRID COSTING SYSTEM

- Includes features of both a job costing and a process costing system, most commonly used in situations where there is identical processing of a baseline product, as well as individual modifications that are made beyond the baseline level of processing (e.g. car production -> car assembly (process costing) + different car paintings and extras, personalized to each client (job costing)