

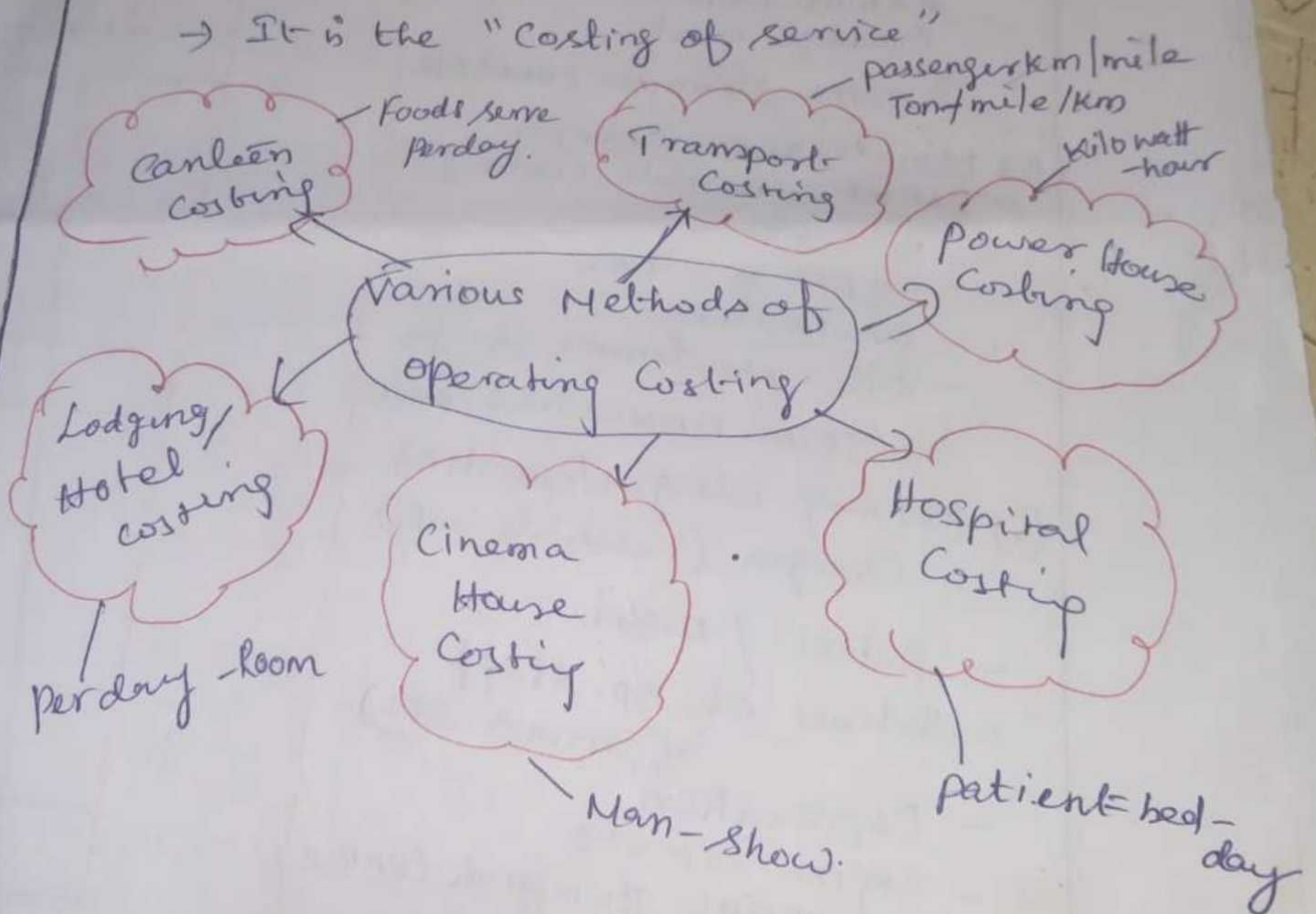
Operation Costing [Service Costing]

Operating Costing

It is a method which is designed to ascertain and control the cost of a business firm which does not produce products but which renders services.

- It is also called 'Service Costing'

→ It is the "Costing of service"



Operating Cost Sheet

ABC Transport Co Ltd.
Cost Sheet for the month

Particulars	Total Cost ₹	Per passenger km / Ton-km ₹
<u>(A) Standing Charges</u> (Fixed cost)		
- Road-tax		
- Insurance		
- Interest		
- Admin. Expenses		
- Garage rent		
A TOTAL STANDING CHARGES		
<u>(B) Maintenance charges</u> (Semi-variable costs)		
- Repairs		
- Tyres & Tubes		
- Overhauling		
- Other Maintenance charges		
B TOTAL MAINTENANCE CHARGES		
<u>(C) Running Charges/operating Charges (Variable cost)</u>		
- petrol / Diesel		
- Salaries of op. staff (Drivers etc)		
- Depreciation		
- engine oil etc		
C TOTAL RUNNING CHARGES		
(D) TOTAL operating cost (A+B+C)		
(E) Total Ton km / passenger km		
(F) Cost per ton km / passenger km		

II Power House Costing

* Power House operating Cost is concerned with the ascertainment of cost per unit of steam or electricity produced.

* The unit of cost of production
Steam - "per Ib"

Generation of Electricity - "per kilowatt"

Composite unit of cost - "kilowatt-hour"

* The cost per unit for each period may be compared with of the previous period for cost control.

III Specimen of Cost Sheet

Thermal power station Operating Cost Sheet

Unit generated - - - - -

Particulars	Total Rs.	Per kWh Rs.
Fixed expenses		
Plant supervision	xxx	
Administration OH	xxx	
	<u>xxx</u>	xxx
Variable Expenses		
Operating Labour	xxx	xxx
Repair & Maintenance	xxx	xxx
Lubricants, spares, Stores	xxx	xxx
Coal Consumed	xxx	xxx
Depreciation	xxx	xxx
	<u>xxx</u>	<u>xxx</u>
		xxx
COST per kWh		xxx

III Cinema House Costing

It is ascertain the cost of operating a cinema theatre. In case of a cinema house the unit of cost is "a man-show"

Specimen Cost Sheet

Vasanth Talkies

Operating Cost for the month of _____

Particulars	Per year.
Fixed Costs:	
Salaries	
Managers - NO. _____	xxx
Gate-keeper - NO. _____	xxx
operator - NO. _____	xxx
Clerks - NO. _____	xxx
Administration expenses	xxx
Depreciation	xxx
Variable Costs:	
Electricity & oil	xxx
Carbon	xxx
Misc. exp	xxx
Advertisements	xxx
Hire of plant	xxx
Total	<u>xxx</u>
Grand Total	xxx
Add: % Returns	xxx
Proceeds (gross)	<u>xxx</u>
Total man-show	xxx
Cost Per Man-show	xxx

IV Hospital Costing

It is to ascertain the cost of providing medical service. A hospital is divided into number of department. Main Department is "Medical service". Other Departments are "Transport, dispensary, cleaning, Administration" etc. \Rightarrow These are to be apportioned to the other department on equitable basis.

V Canteen Costing

* it is provide service to their workers
* expenditure incurred ^{for} serving

- meals
- Dishes of different varieties.

\searrow Grouped under various heads.

① provisions

2) labour

3) services

4) Consumable stores

5) Miscellaneous items

Cost statement provide information

* ① Subsidy received

② Revenue from sales

* it show the net profit or loss

Operating Cost-Statement

(Room Rent per day)

Room Days

Particulars	Amount Cost- Rs.
1. Staff Salaries	xxx
2. Room attendants wages	xxx
3. Lighting, heating and power	xxx
4. Repairs to buildings	xxx

5.	linen etc	xxx
6.	Sundries	xxx
7.	Interior decoration and furnishing	xxx
8.	Depreciation	xxx
9.	Int on Investment	xxx
Total Cost		xxx
Add: Profit %		xxx
Total rent to be charged for the rooms.		xxx
Room# days		xxx
∴ Room rent - per day		xxx