

cost centre

noun

a department or other unit within an organization to which costs may be charged for accounting purposes.

MoneyWorks Gold provides full cost-centre accounting—we refer to a cost centre as a Department. In practice a Department might be a branch, division, project, property, vehicle, staff member or similar—basically something that you want to measure the performance of. You can have as many Departments as you want, and departments can be of different types (Classifications), and organised into Groups.

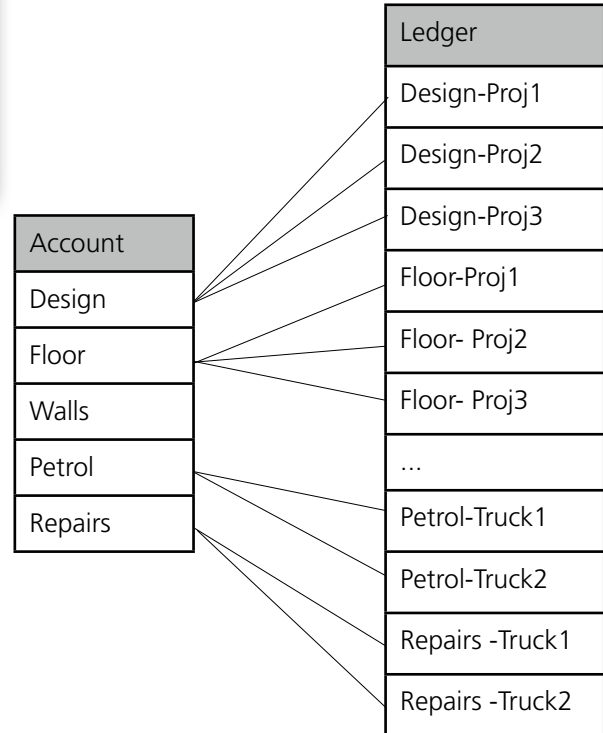
Consider as an example a construction company who has several major residential and commercial projects, and also has a couple of vehicles. Each project and vehicle could be represented as a cost-centre in MoneyWorks.

Department	Group	Classification
Proj1	Project	Commercial
Proj2	Project	Commercial
Proj3	Project	Residential
Truck1	Vehicle	
Truck2	Vehicle	

In the general ledger, the accounts that are directly concerned with project income and expenditure are assigned to the Group Project; those that are concerned with Vehicle costs (petrol, repairs, insurance etc) are assigned to the group called Vehicle. Other accounts, such as office overheads, are not assigned to a group. These are referred to as *Departmentalised* accounts.

Account	Group
Design	Project
Floor	Project
Walls	Project
Petrol	Vehicle
Repairs	Vehicle

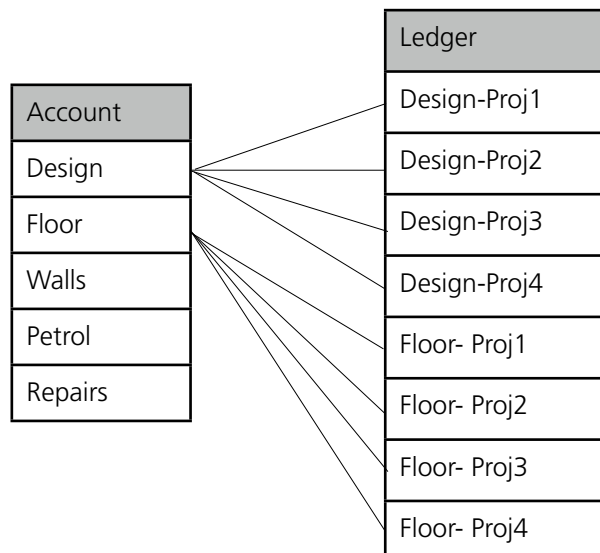
When an account is departmentalised in this manner, an individual ledger account is created for each department in the group, allowing for direct coding, budgeting and reporting.



When an entry is made against a Departmentalised account, the department must be specified. Thus if Truck2 incurs repairs, we must code the expense as shown.

Code	Description
REPAIRS-TRUCK2	Repairs for Truck 2

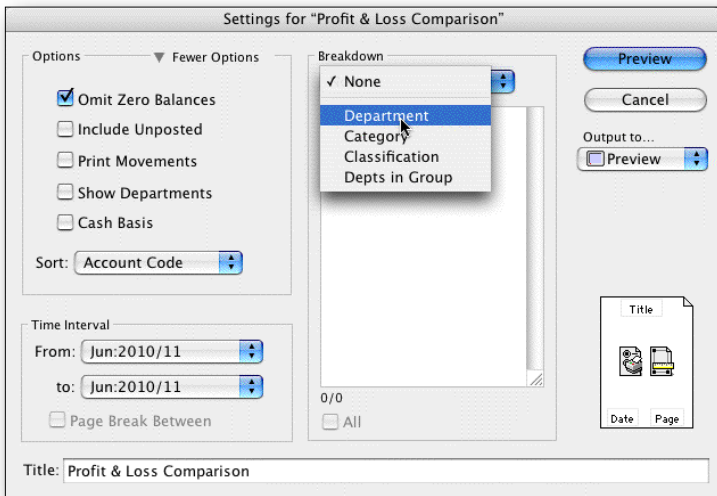
If a new Department is added to a Group, the required new ledger records are automatically created. Thus if the construction company gets a new residential job PROJ4, just adding this to the appropriate Group (Project) will update the ledgers.



Cost Centres: Reporting

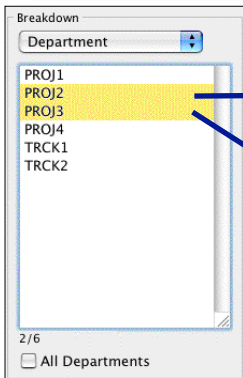
To be able to manage cost centres, you need information on them.

This is yet another area where the power of MoneyWorks Reporting comes into play. Most General Ledger based reports can be printed by *Department* (cost centre) or type of Department (*Classification*).



The Report Settings allow you to run a consolidated report for the whole company, or reports that focus on a segment of the company. These segments include Departments and Classifications.

Choosing *Department* displays a list of Departments, and we can select those we want to report on.



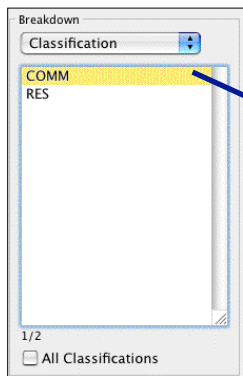
**Acme Widgets Ltd
Profit & Loss Report for Jun:2010/11
Project 2**

	Actual
Sales	

We get a separate report for each Department selected. Each report is pertinent to just that Department.

**Acme Widgets Ltd
Profit & Loss Report for Jun:2010/11
Project 3**

	Actual
Sales	
1050 Fees Recovered	0.00
1100 Repairs	0.00
Total Sales	0.00
Less: Cost of Sales	
2500 Design Expenses	18,000.00
2510 Floor Expenses	15,050.00
2520 Wall Expenses	0.00
Total Cost of Sales	33,050.00
Gross Margin	(33,050.00)



Using Classifications, we can get a consolidated report by type Department. Here we are looking at the total for Commercial projects.

**Acme Widgets Ltd
Profit & Loss Report for Jun:2010/11
Commercial**

	Actual
Sales	
1050 Fees Recovered	0.00
1100 Repairs	0.00
Total Sales	0.00
Less: Cost of Sales	
2500 Design Expenses	74,000.00
2510 Floor Expenses	33,987.00
2520 Wall Expenses	15,500.00
Total Cost of Sales	123,487.00
Gross Margin	(123,487.00)