

Process Costing Management

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ABSTRACT

This research emphasized the production cost of the materials. The significance of this study is to evaluate the process-making steps of the products that help in getting maximum profits by process costing methods. This research contains several articles and relevant information regarding the suitable findings of the entire study. The methods and the literature review parts help to examine the understanding significance of the study and in extracting the importance and the profits accounting parts of the marketing strategy so that the readers get a piece of proper knowledge about the management of the Process Costing methodology.

Keywords: Inventory products, hybrid system of costing, process costing system, management of product control methods.

INTRODUCTION

Process costing helps to cost individual products while manufacturing the products. The costs are assigned to each process making and the main objective is to let the management take further decisions. There is various process costing steps, including that after the process the products are counted and the inventory costs are charged. This research focuses on analyzing the topic of calculating the process of costing.

LITERATURE REVIEW

Empirical studies

According to Schmeisser, 2010, detailed information on the cost is required that combines the order of the process and the job which is accounted for on the standard and actual data. The costs of the variables and the constant are taken as the indirect cost. The cost matrix is used to calculate the wide range of the cost and it helps in calculating the costs of the raw material which is needed to complete the assigned order. The matrix of the costs contains detailed accounts and the calculation of the standard products which are much more complicated. The hybrid costs are based on the principles and the process of calculating the cost and accounting methods for the costing system. It helps to increase the management standards of units of costing and a planned way of costing the materials for the next order.

According to Akyol *et al.* 2005, the research shows that it analyzes the methods of calculating the accounts which contain more costs that are based on the activity like the variables. The main aim is to account for the cost dimensions and the planned dimensions are taken for the needs of the participants. The four-dimensional categorization is accounted for the inventory costs of the products. This research conducts academic and professional reviews and the Cost Management depends on the dimensional phase (Akyolet *et al.* 2005). The participants studied the methods more precisely based on the circumstances of the companies. The costing is done on the activities of the manufacturing of the products and to analyze the strategic dimensions of the methods. The management of costing is analyzed and the classification of the products is done.

Research gaps

The research critically points to the finding that this research lacks, according to various philosophers. Due to the lack of specific information, this research could not determine the proper process that includes the cost of the process (Wegmann, 2009). This fact is taken into account as there is no significant information regarding the dimensional calculation of the cost management system. This research addresses the limitations of collecting properly comprehensive data from the various philosophers as their points of calculation and insights regarding the topic differ

from the others. The information regarding the topic of the stages of every accounting method could not be properly calculated.

Challenges

The challenges that can be evaluated from the previous research are that the participants could not gather knowledge about the calculation of the determined strategies of process costing (Schmeisser, 2010). The possibility of errors in calculating the methods of the process stages can be found which shows the faults in the following subsections of the literature review portion. The relevant information could not be signified accurately and there lack gaps in arranging the information at a categorized level. The budgeting of the strategic accounting values could not be maintained.

METHODOLOGY

Research Philosophy

In to conduct this research, the "positivism" research philosophy would be applied to make the research more effective and informative (Scheer, 2000). This subsection of the research philosophy is applicable to get the outcomes for the budgeting calculation of the products' costing. This section will help to get an idea of the applicable methods that will be taken into consideration for the probable outcomes of the research. This research technique also helps in rectifying the methods of the research by focusing on the pertinent development of every product's budgeting (Gajera, 2006). It also helps in efficient data calculation in any kind of operational and strategic processing accounts.

Research Approach

As all of the findings of Process Costing have been collected from various journals, this research has undertaken a deductive approach. With the utilization of this approach, the evaluation of process costing can be done in an effective manner (Tuncel *et al.* 2005). This section helps in the evaluation of the important calculating part as each processing of the data will have a budgeting phase that will help in analyzing the main aspects of this research.

Research Design

The design that will be implied in this research is the quantitative methods analysis and the main perspective of this design are to ensure the allocation of the costs by the managers they imply on each processing of goods that are taken through the production system. This section helps to construct the research paper to determine it as a progressive activity to presume the concepts of the main motive of Cost Management production.

Data Collection Method

The research has been conducted using a secondary method of collection and by using this collection method that focuses on several factors and the procedures of the costing management significance (Koizumi, 2014). Apart from it the methods of the collection of the data will be based on the effective advantages and disadvantages of the costing process and activity in a huge way.

RESULTS AND DISCUSSION

This research approach consists of qualitative data and this research helps in elaborating the topic by emphasizing the detailed information on the costing done in the products management process.

Table 1: Costing of the material

Description of material	Unit cost in Pounds	percentage waste	Part Cost
Steel	0.51 kg	15	1.09
Semiperg body panel system	49.12 kg	40	20.63
Vacuum bag and consumables	10.27kg		0.53
carbon fiber	2.50 kg	3	4.13
Resin	8.95 kg	5	1.11

(Source: Self-created in MS Word)

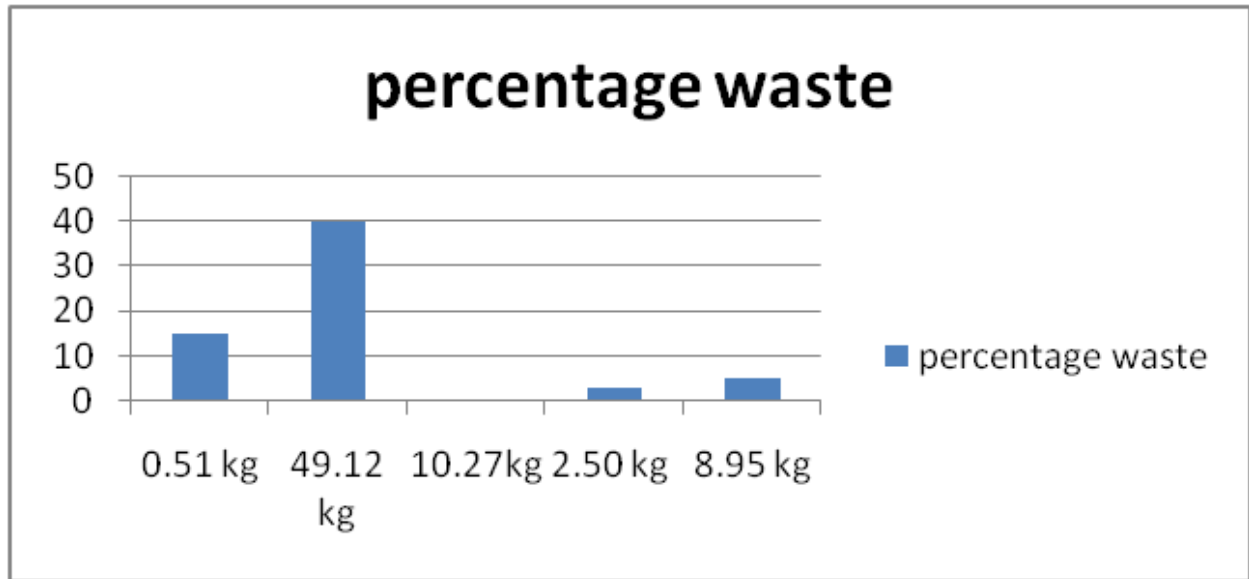


Figure 1: Unit cost vs. Percentage waste
 (Source: Self-created in MS Excel)

The above figure represents the unit cost vs. the percentage waste of the materials that have been calculated (Popesko, 2013). This graph shows that the percentage of waste of the semiperg body panel system per unit cost is high and whereas the percentage waste of type vacuum bag and the consumables is low.

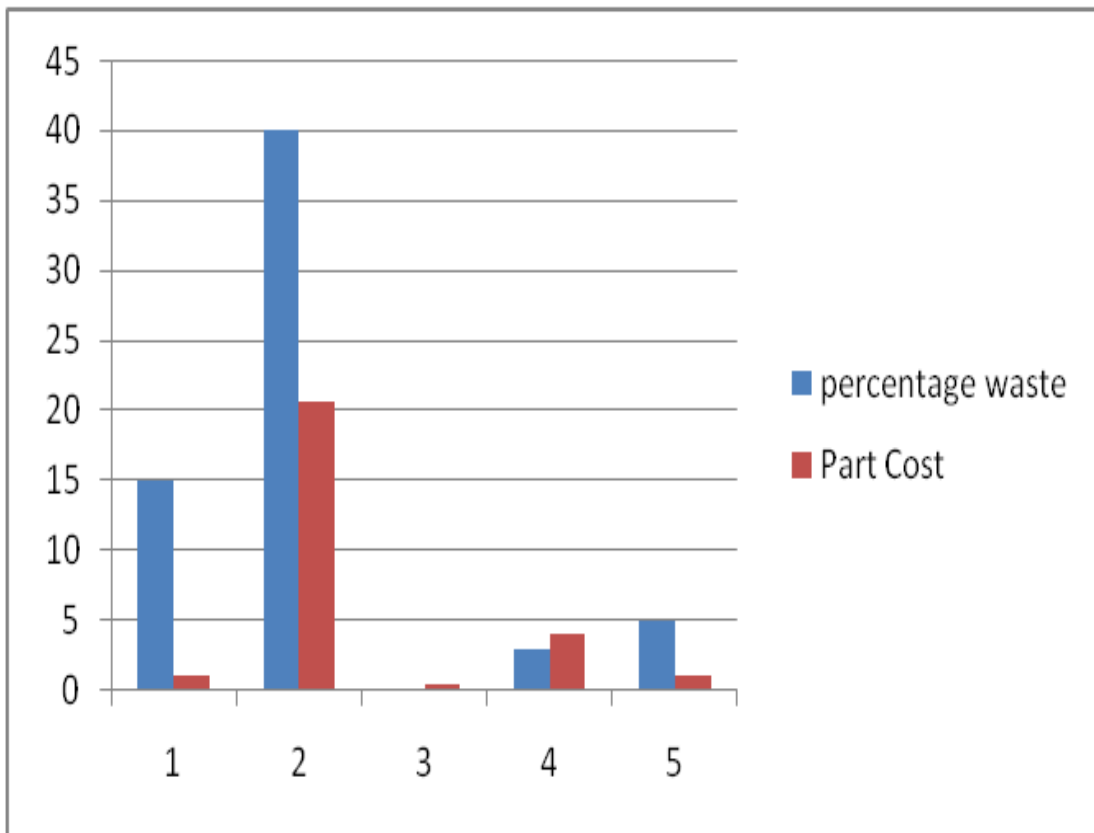


Figure 2: Percentage of waste vs. Part Cost
 (Source: Self-created in MS Excel)

The graph illustrates the percentage of waste vs. the part cost of the production of the materials. The percentage of waste vs. the part cost of the body panel system is high.

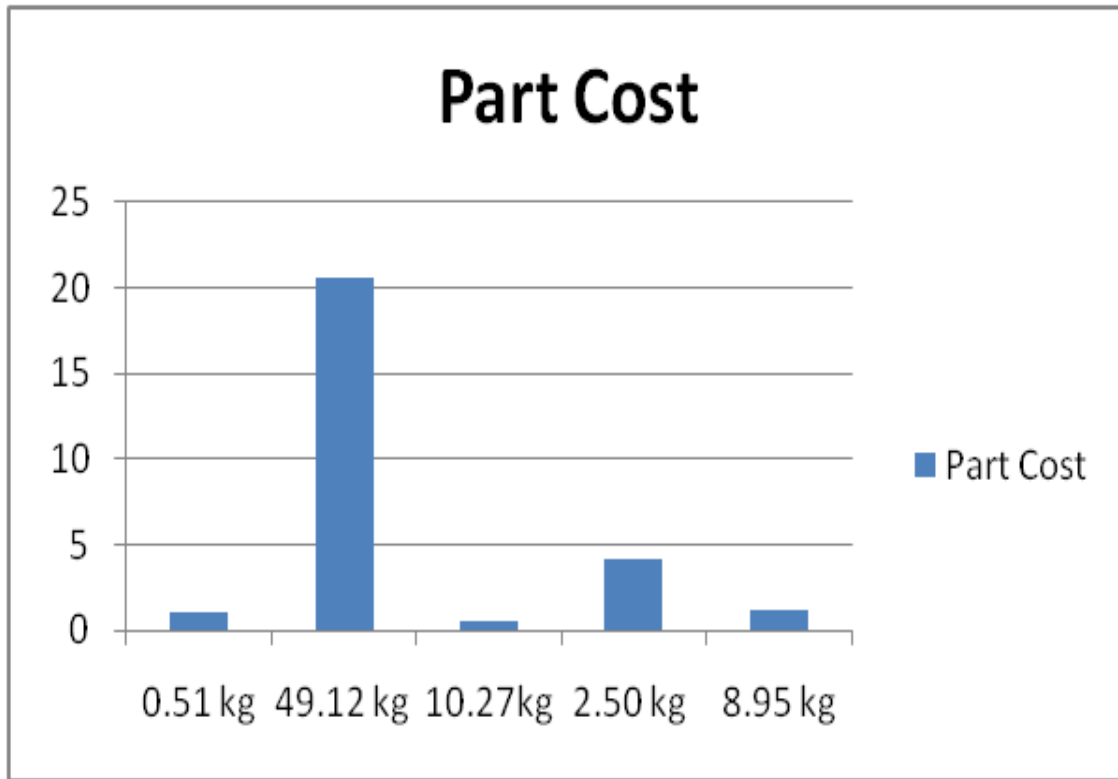


Figure 3: Unit Cost vs. Part Cost
 (Source: Self-created in MS Excel)

The above figure represents the unit cost vs. part cost. It is observed that the unit cost is readily high for the part cost i.e. around 50kg. For the part cost below 10 kg, the unit cost is too low. Hence it can be said that the unit cost is readily proportional to part cost.

CONCLUSION AND FUTURE SCOPE

The method includes the analysis of each product's cost of each allocation method. It also focuses on the completion of the budgeting of the process costing of all the strategic products that are allocated in the making process. In the upcoming business aspects, this will help to analyze the inventory products cost that will lead to a maximum gain of profit and has an immense effect of rising in the management of the costing evaluation. The success of the entire research shows that the information has been helpful in future accounting budgets for the processing of goods and creating absolute finished products.

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