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A Project Report On Activity Based On Costing As A Measure Of Improving The Cost Structure In Jay Laxmi Food Processing Pvt Ltd

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ABSTRACT: A project report on activity based on costing as a measure of improving the cost structure is awareness for costing department its current scenario. Product costing means by which labor, material and overhead costs are absorbed into item inventory costs and cost of goods sold. This project given me great learning experience give scope analysis. In the first part about costing and various aspects like company profile, objectives, research of study, I got brief knowledge from this project. In The findings appropriate suggestions have also been worked out. In my brief stay at Jaylaxmi Food Processing Pvt. Ltd, I was able to understand the various aspects relating to accounting and finance which were being undertaken by the company in an efficient manner. They also helped to make me associated with their day to day activities i.e. about the working of the company's as well as accounting departments.

1.1. INTRODUCTION

Product costing means by which labor, material and overhead costs are absorbed into item inventory costs and cost of goods sold.
Product costing provides benefits are as follow:

1) It Help to understand material, direct labor , manufacturing overhead and the inventory cost of manufacturing overhead
2) Its provide you estimate as well as fix cost of product.
3) To calculate profit from particular product.

1.2. NEED FOR STUDY:

Product costs in managerial accounting are those that are necessary to manufacture a product. Using the actual costing method, you can determine your business overall product costs and product costs per unit based on the the actual costs you incurred during a period.

1.3. OBJECTIVE OF STUDY:

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- To study the functions & operations of the organization.
- To allocate cost for the activities.
- To know and understand the existing costing method followed by Jaylaxmi Food Processing Pvt. Ltd
- To understand total cost and cost per unit for chatar phatar product.
- To understand profit of particular product
- To know the Various elements of costs such as Direct Wages, Production cost,Raw Material Cost, Total cost etc.

1.4. METHODOLOGY:

Research is based on primary data and secondary data used only for the reference. Primary data has been collected from various departments with visiting and websites. The secondary data has been collected from Tally ERP 9 and Company Audited Balance sheet.
Secondary data used for research completion process, Data collected by from Tally ERP 9 and Company Audited Balance sheet.

1.5. Time scope:

1. Period under the study is for two year 2018-2019.

1.6. Limitation of the study:

1) The study is based on data taken from Tally ERP 9.
2) Company maintain lot off secrecy so, some data is not available for study.

2.1. REWIEW OF LITERATURE

Shanmuganthan and Baskar (2016) cost management technique like cost flow forecasting, cost planning and control and estimate having highest relative importance is the common cost controlling technique use by contractors are schedule, budget work inspection have well define techniques.

Anuja and Parag (2015) Inaccurate estimation of project time design change risk and uncertainties , complexity of work and poor performance of sub-contractor are the top hindering factors of time and cost controller.

3.1 Cost Sheet:

Product costing means by which labor, material and overhead costs are absorbed into item inventory costs and cost of goods sold.

3.2. Raw Material Cost:

Raw Material Cost (CHATTER FATTER – June Month)

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Sr. No.	Item Name	Rate / kg	Weight of Raw Material	Cost
1	RAW STICK	27.14	6,840.00	1,85,637.60
2	RAW OIL	81.66	3,373.00	2,75,433.84
3	RAW CHILLI POWDER	202.60	38.50	7,800.16
4	MASALA	125.00	645.00	80,625.00
	TOTAL RM COST		**10,896.50**	**5,49,496.60**
6	Wastage		1,060.50	
7	Output WIP		9,836.00	
Raw Material Cost = Total Cost / Output			**55.87**	**Per Kg**
8	Packing Material (WIP 9836.00)			
	BOX (Per 3.85 Kg = 158 pkt X 0.025gm)	37.50	1,119.00	41,962.50
	Tape	0.94	402.48	378.33
	Laminate	200.00	113.10	22,620.00
	TOTAL PM COST		**1,634.58**	**64,960.83**
Packaging Cost = Total PM Cost / QTY			**39.74**	**Per Kg**

Interpretation :

As per above cost sheet total Raw Material use for production is **10,896.50** .
From 10,896.50 received output of WIP 9836.00.

I) **Raw Material Cost = Total Cost /Output :** 10896.50 / 9836.00 **:** Raw Material Cost Per Kg **= 55.87/-**

II) **Packaging Cost = Total PM Cost /QTY**

: 64960.83 / 1634.58 : Packing Material cost Per Kg = **39.74/-**

Raw Material Cost (CHATTER FATTER – July Month)

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Sr. No.	Item Name	Rate / kg	Weight of Raw Material	Cost
1	RAW STICK	27.14	7,100.00	1,92,694.00
2	RAW OIL	81.66	3,373.00	2,75,433.84
3	RAW CHILLI POWDER	202.60	38.50	7,800.16
4	MASALA	125.00	645.00	80,625.00
	TOTAL RM COST		**11,156.50**	**5,56,553.00**
6	Wastage		760.54	
7	Output WIP		10,395.96	
Raw Material Cost = Total Cost / Output			**53.54**	**Per Kg**
8	Packing Material			
	BOX (Per 3.85 Kg = 158 pkt X 0.025gm)	37.50	1,182.70	44,351.25
	Tape	0.94	425.39	399.87
	Laminate	200.00	119.53	23,906.00
	TOTAL PM COST		**1,727.62**	**68,657.12**
Packaging Cost = Total PM Cost / QTY			**39.74**	**Per Kg**

Interpretation :

As per above cost sheet total Raw Material use for production is **11,156.50** .
From 11,156.50 received output of WIP 10395.96.

I) Raw Material Cost = Total Cost /Output

: 11,156.50 / 10,395.96
: Raw Material Cost Per Kg **= 53.54/-**

I) Packaging Cost = Total PM Cost /QTY

: 68,657.12 / 1,727.62
: Packing Material cost Per Kg = **39.74/-**

3.3 Direct Labour Cost

Chatar Phatar Cost Sheet (June 2019)

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Sr. No.	Item Name	Rate / kg	Weight of Raw Material	Cost
1	RAW STICK	27.14	6,840.00	1,85,637.60
2	RAW OIL	81.66	3,373.00	2,75,433.84
3	RAW CHILLI POWDER	202.60	38.50	7,800.16
4	MASALA	125.00	645.00	80,625.00
	TOTAL RM COST		**10,896.50**	**5,49,496.60**
6	Wastage		1,060.50	
7	Output WIP		9,836.00	
Raw Material Cost = Total Cost / Output			**55.87**	Per Kg
8	Packing Material			
	BOX (Per 3.85 Kg = 158 pkt X 0.025gm)	37.50	1,119.00	41,962.50
	Tape	0.94	402.48	378.33
	Laminate	200.00	113.10	22,620.00
	TOTAL PM COST		**1,634.58**	**64,960.83**
Packaging Cost = Total Cost / Output			**39.74**	**Per Kg**
9	Production Cost (Per Kg)			
	Direct Wages			13,846.00
	Overheads			85,498.28
	TOTAL RM COST		-	**99,344.28**
Production Cost = Total Production Cost / Output			**10.10**	**Per Kg**
Total Cost Per Kg = RM Cost + PC Cost + Production Cost			**105.71**	**Per Kg**
Margin (10%)			**10.57**	
Final cost per kg			**116.28**	**Per Kg**
packet weight			**25.00**	
Rate per pack			**2.91**	**Per Packet Cost**
Packet Selling Price			**3.45**	
Profit			**0.54**	**Per Packet**

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I. Chatar Phatar Cost Sheet (JULY 2019)

Sr. No.	Item Name	Rate /kg	Weight of Raw Material	Cost
1	RAW STICK	27.14	7,100.00	1,92,694.00
2	RAW OIL	81.66	3,373.00	2,75,433.84
3	RAW CHILLI POWDER	202.60	38.50	7,800.16
4	MASALA	125.00	645.00	80,625.00
	TOTAL RM COST		11,156.50	5,56,553.00
6	Wastage		760.54	
7	Output WIP		10,395.96	
Raw Material Cost = Total Cost /Output			53.54	Per Kg
8	Packing Material			
	BOX (Per 3.85 Kg = 158 pkt X 0.025gm)	37.50	1,182.70	44,351.25
	Tape	0.94	425.39	399.87
	Laminate	200.00	119.53	23,906.00
	TOTAL PM COST		1,727.62	68,657.12
Packaging Cost = Total PM Cost / QTY			39.74	Per Kg
9	Production Cost (Per Kg)			
	Direct Wages			13,846.00
	Overheads			1,04,036.18
	TOTAL RM COST		-	1,17,882.18
Production Cost = Total Production Cost /Output			11.34	Per Kg
Total Cost Per Kg = RM Cost + PC Cost + Production Cost			104.62	Per Kg
Margin (10%)			10.46	
Final cost per kg			115.08	Per Kg
packet weight			25.00	
Rate per pack			2.88	Per Packet Cost
Packet Selling Price			3.45	
Profit			0.57	Per Packet

Interpretation :

As per provided data cost per unit is calculated for June and july month.

Cost of Overhead for (June)

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= Total Overhead / Saleable Units = 85,498.28 **/** 9836 = 8.69 Per Kg Cost

packet weight	25.00	
Rate per pack	2.91	Per Packet Cost
Packet Selling Price	3.45	
Profit	0.54	Per Packet

For June month per packet profit is 0.54 Paisa .

Cost of Overhead for (July)

= Total Overhead / Saleable Units
= 1,04,036.18 **/** 10,395.96 = 11.34 Per Kg Cost

packet weight	25.00	
Rate per pack	2.88	Per Packet Cost
Packet Selling Price	3.45	
Profit	0.57	Per Packet

For June month per packet profit is 0.57 Paisa .

4. FINDINGS

1. Accounting has been the centre to development of every culture in organisation. Morden Accounting is a outcome of a series organized and systemic process.
2. Management of timing need to organize.
3. Costing of product is depend on the value of input is measured against the output.
4. Factors like goals, planning and management is main factor in production.
5. Bonus and overtime are important factor to increase the production.

5. SUGGESTION:

1.Accounting is center of any organization need to accept new technologies for accounting method to get better result.
2. To calculate accurate timing of worker need to change time system can use bio metric machine to improve timing records.
3. The most essential problem is ignorance. To get good output from input of raw material need to control the wastage of material.
4. Need to plan the production before 1 or 2 days it help to improve the production.
5. To increase the production company can invest in worker by providing over time and work bonus.

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6. CONCLUSION:

The research entitled "A PROJECT REPORT ON ACTIVITY BASED ON COSTING AS A MEASURE OF IMPROVING THE COST STRUCTURE IN JAY LAXMI FOOD PROCESSING PVT LTD." Included product costing. Analysis for June 2019 reveals that the Sales, Inventory management, and work flow is satisfactory level and there are areas of concern such as staff management and production management.The study helps to supply the theoretical knowledge to practice. I have made a sincere effort to make the report a correct one. The study helps me to improve my knowledge in financial management.
I hope the findings and suggestions will be helpful to improve the Financial Performance of the Jaylaxmi Food Processing Pvt. Ltd.

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